1.933 R1125

Reserve

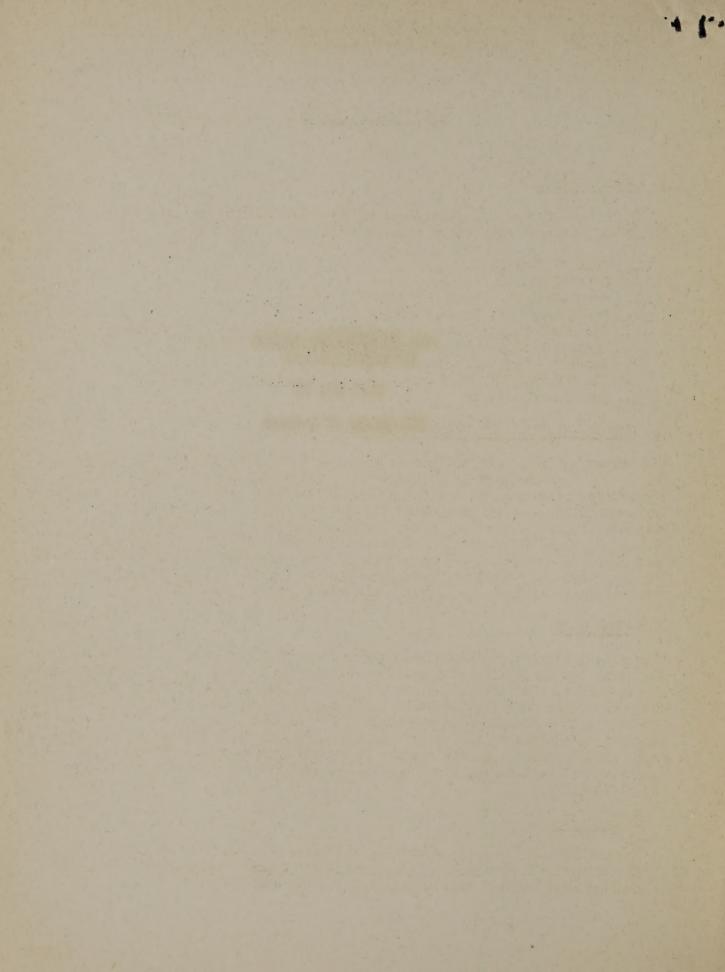
FOR ADMINISTRATIVE USE

REA BOOKKEEPING COURSE (Revised 9-4-45)

Text No. 13

REA Books of Account





UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration
Finance Division
St. Louis 2, Missouri

REA BOOKS OF ACCOUNT

Text No. 13

1. INTRODUCTION

The principal books of account used by REA-Financed systems are listed below and a sample sheet from each is attached to this text.

1. General Journal

2. General Lodger

3. Cash--General - Cash Received

4. Cash--General - Check Register
5. Cash--REA Construction Fund--Trustee - Cash Received and Budget Control

6. Cash--REA Construction Fund--Trustee - Check Register

.7. General - Accounts Payable Register

8. REA Construction Fund -- Trustee - Accounts Payable Register

9. Consumers' Lodger

2. GENERAL JOURNAL AND GENERAL LEDGER

The General Journal for REA use is typical of those previously discussed. On the left of the page is a date column, and in order to the right appear a description column, an account number column, and debit and credit money columns. Each page of the General Ledger has space at the top for the account title. At the left a date column is provided, followed in order to the right by a description column, a reference or folio column, and a pair of money or amount columns. Still to the right of the regular amount columns is found a pair of "balance" columns in which the balance of the account (whether debit or credit) at any date may be entered.

3. CASH BOOK

The classification of accounts prescribed for the REA Manual of Accounts requires the use of the columnar form of cash book. All cash receipts should be deposited intact and all disbursoments made by check. Grouping the various sources of income and withdrawals under specific columns facilitates the work in maintaining the accounting records. The form of columnar cash book prescribed is adapted to the use of REA systems. The distributive columns have been classified in accordance with the frequency with which transactions occur. A miscellaneous column has been provided for transactions occurring less frequently.

a. Roceipts

The receipts of an REA borrower include revenue from the operation of electric lines, membership fees, consumers' deposits, and other miscellaneous revenue, which are classified as General Funds.

Text No. 13

(1) Various Sources of Cash

The primary source of income is from the sale of electric energy. However, there may be other miscellaneous receipts from materials purchased for resale or from services rendered. The receipts derived from the operation of the electric plant are considered operating revenues and the funds are deposited in one or more bank accounts designated "Cash--General." Mombership fees which represent the members' initial equity in the cooperative are also deposited in the "Cash--General"-Funds Consumers' deposits, representing amounts paid by the members as security for the payment of electric bills, should be deposited in a special fund entitled "Cash--Consumers' Deposits." The funds advanced by REA for the construction of electric lines and other designated purposes are deposited in a depository approved by REA for that purpose and titled "Cash--REA Construction Fund --Trustee." These advances are recorded on a "Cash--REA Construction Fund -- Trustee - Cash Received and Budget Control" sheet immediately upon receipt of the check from the U. S. Treasury. The date of the treasury check should be inserted in the memorandum column of the cash receipt book for future use in computing interest on funds advanced. All reinbursoments to REA Construction Funds, either ... from General Funds or refunds on expenditures originally disbursed from REA Construction Funds, are deposited in the REA Construction Funds bank account. In recording cash receipts on the cash received sheet prescribed, the page number and the month and year date should appear in the heading of each page. The day of the month should be inserted in the date column, the source of the receipt in the descriptive column, and the total amount of the receipt in the cash column. In recording an advance of funds from REA, the individual amounts should be distributed to the various columns in the cash received record according to the purposes for which funds were advanced as indicated on the approved requisition. All advances of funds from REA are a credit to the account, "Allotment Available from REA."

(2) Daily Cash Records

There are two methods of accounting for daily cash receipts: the daily cash collection sheet and the daily cash envelope method. The daily cash collection sheet is a columnar form and provides for the date, the account number, name of the consumer, the amount collected, and distributive columns titled according to the source of receipts such as Accounts Receivable, Membership Fees, Consumers' Deposits, etc. At the end of the day, the daily cash collection sheet is totaled and reconciled with the cash in the money drawer. A surmary of the collections is made at the bottom of the sheet and the names of the banks in which the funds are deposited should be noted thereon. Where the number of consumers is exceptionally large,

DAILY CASH COLLECTIONS

CASH-GENERAL

Date
January 2
2, 1
945

						7 30 12		-	Tez
3rd State Bank 6th National Bank 15th National Bank	TOTAL	Harry Fin - #146B	Sawyer -	Fred Howe - Deposit	Fred Howe - Memb. Fee	John Smith - #37A			Source of Collection
\$29.71 5.00 5.67	29 71	8 61			5 00	16 10	120.1		Debit
DATI	23 55	8 20				15 35	125.1	And the second section of the second section s	
DATE OF DEFOSIT: 1/2/45 1/2/45 1/2/45	1 16	E				75	612		Credits
ΙĐ	5 00				5 00		204 8		t's
							a/c No.	Misc.	
	See 1 - Andrew Conference of the Conference of t						Amt.		
			120.4	120.5			a/c No.	Cash	Debit
	10 67		5 67	5 00			Amt.		it
			124.2				a/cNo.		Credit
	10 67		5 00	5 00			Amt.		dit

Total

\$40.38

ATEN - Methor much Market State of the state of th

the work involved in-recording each consumer's name and amount would be rather burdensome.

In such cases, it is customary to run an adding machine tape of the energy bills paid and list the total amount under Accounts Receivable. Postings to the individual consumers' accounts, where detail is not listed on the daily collection sheet, should be made from the receipt stubs. The adding machine tape is then attached to the stubs, which are dated and filed in chronological order for future reference. Other receipts, such as membership fees, consumers' deposits, or other miscellaneous receipts, are listed separately on the sheet.

Under the envelope method receipts are grouped according to classification, such astenergy bills, membership fees, etc. An adding machine tape is run of each group of receipts, and the totals of the groups are surmarized on the front of the envelope under the various captions. The total of the surrary is reconciled with the cash in the money drawer, and the name of the bank in which the funds are deposited is noted, together with the amount deposited. Either of these methods provides a record of the daily cash collections classified as to the source. It is important that duplicate receipts be retained by the system on collections received. In the case of energy bills, the canceled stubs should be retained and marked "paid." If a remittance is not accompanied by a stub, a prenumbered counter receipt should be prepared showing the name of the consumer, account number, and the amount of the collection. Prenumbered receipts should be issued for all collections of membership fees, consumers' deposits, etc., and duplicate copies retained with the cash record.

If nerchandise sales are made, prenumbered invoices should be prepared in duplicate, the original going to the consumer and the copy being retained for the office records, showing the detail of material sold and the cost of the individual items. If the sale is a cash transaction, the invoice should be stamped "paid" and placed with the other receipts. All energy bill stubs and other receipts should equal total cash received and these, together with the duplicate deposit slips, should be placed in an envelope and filed in chronological order. A surmary of all daily cash collections is to be posted to the Cash-General - Cash Received sheet.

The amount deposited is recorded in the bank column, the total amount of the receipts is recorded in the cash column, and the amounts of the various classifications are distributed to the respective columns. At the end of the month the cash received sheets are totaled and ruled and the amounts posted to the General Ledger accounts. A new sheet should be started for each month.

(3) Deposits

All cash receipts should be deposited intact daily. The usual procedure is to deposit the current day's collections on the following morning. However, in offices where it is not considered safe to hold the funds overnight, a certain time during the day should be established for the closing of the day's business, and collections up to that time should be verified and deposited before the bank closes. The deposit slip should be prepared in duplicate, and the signature of the bank teller receiving the deposit should appear on the copy retained by the cooperative. In preparing the deposit slip, the funds are divided between currency, silver, checks, and money orders. Checks and money orders should be properly endorsed and listed separately. Deposits slip illustrated below:

THE FIRST NATIONAL BANK OF JONESVILLE

Jonesville, Tenn.

IN ACCOUNT WITH REA Cooperative								
	Cash - General	To took o						
DATE	August 1, 1944							
Currency		100.00						
Silver		.60						
Checks	James Smith	10,00						
	Mary Snider	15.00						
Money Orde	rs William Brown	5.00						
	Joseph Bryan	7.00						
DUPLI	CATE							

Deposit Received DATE: August 1, 1944

(Signature Bank Teller)

- Total

(4) Depositories

The Board of Directors select a depository which should be a member of the Federal Reserve System. After preliminary investigation by REA, if the bank is found acceptable with the Board of Directors, an account may be opened with the approved depository. REA Loan Contracts require that all depositories be mombers of the Federal Deposit Insurance Corporation. Usually only one depository is approved for the REA Construction Funds. The deposits to this account, which are usually in large amounts, do not remain in the bank for any length of time since disbursements ordinarily are made soon after the funds are received. The system should not request advances in excess of its immediate needs. It will be necessary to secure approval of additional depositories for General Funds if the balance in this account may exceed the \$5,000.00 limit of protection provided by the Federal Deposit Insurance Corporation. In such cases it is necessary to maintain separate bank accounts. If the depositor has three or four bank accounts in one bank and the total of the combined balances exceeds \$5,000.00, deposits are protected only to the \$5000.00 limit.

b. Disbursements

As already explained under "Receipts" there are two main cash accounts used generally by REA systems--namely, the Cash--General and Cash--REA Construction Funds. Since cash receipts are segregated to the separate funds according to their sources, it is also necessary to segregate the cash disbursements. To accomplish this segregation, separate cash disbursements sheets or check registers are provided. The General Funds disbursements should normally include all payments other than those of a special construction nature. A discussion of these two types of disbursements follows:

(1) General Fund

Since all receipts derived principally from the operation of the electric system, including membership fees, etc., are deposited to the Cash--General account or accounts, it follows that all related disbursements resulting from the operation of the system, including refunds of membership fees, etc., must be drawn by check on the same fund.

Disbursement checks drawn on the General Funds account are recorded numerically by check number in the Cash-General - Check Register or cash disbursement book and the amounts are distributed in accordance with the classified purposes of each disbursement. If, for example, a check is made out to the manager of a system in payment of his sajary of \$200, which has been apportioned in accordance with the actual time spent for each operation, the distribution of this check would be indicated in the check register under each of the accounts affected.

In recording salary checks, the net amount of the check is reflected in the cash credit column. The Social Security Tax Deduction is recorded as a credit under the Social Security Tax column and the Income Tax Withheld is entered as a credit to the Income Tax Withheld account. Amplifying the above example, the following illustration is given.

" 756 - Operation 764 - Maintenance	fice Salaries -\$100.00 Supervision and Engineering - 25.00 e Supervision and Engineering - 25.00 ing, Accounting and Collecting - 50.00
Credit Acct. 120.1-Cash-Gener	
Tax-	S. Social Security Old Age Benefit - 2.00 ployees' Income Tax Withheld - 15.00

Distribution of the above items would be made in the Cash--General - Check Register in the column provided. If no column is provided for any particular item, the amount should be entered in the Miscellaneous column and the proper account number given.

(2) REA Construction Funds

Since receipts deposited for this fund consist primarily of advances by REA for specific construction purposes, it naturally follows that the disbursements from this fund must be made for the same specific purposes.

The method of recording checks in the Cash--REA Construction Fund--Trustee - Check Register is substantially the same as the one outlined for the Cash--General - Check Register. The main difference between these registers is the nature of the disbursements which necessitates distributive columns applicable to budget purposes.

At the close of the month, the check register page is totaled and footed in pencil. The "miscellaneous" column is summarized for posting purposes at the bottom of the column. After the accuracy of the total of the debit and credit columns is verified, these columns should be inked in and ruled. Then the totals are posted to the appropriate general ledger accounts.

(3) Voucher Checks - Form and Preparation

A voucher check is a form of bank check on which are recorded the essential details of the disbursement.

The payer's endorsement constitutes a prima facie receipt for the payment of the account as stated. The form of voucher check used by REA systems is a combination voucher and check. The voucher portion provides for memoranda of the details of the indebtedness covered by the remittance.

REA BOOKS OF ACCOUNT

Text No. 13

The check portion is the ordinary form of bank check bearing the same number as the voucher portion. The voucher check is prepared in triplicate, the original going to the payee, and two copies being retained by the system. If more than one bank account is in use, checks on each should be of a separate series and distinctive color. An illustration of the voucher check is given below.

		and the control of th				O william of the address of the addr
color to contribute about the transportation on garge by par-	Date	Items		The state of the s		
	٠.				To the state of th	
			TOTAL	\$		
		REMIT	TANCE MEMO			
Cash -	SIMP	SON COUNTY RURAI		OOPERATIVE Simpsonburg,		
PAY TO	THE ORDER OF			ormpronout g,	DOLLARS	
inters	THE ORDER OF		Simpson By	County Rural		coperative
5 SIMPSON	Ayable at MATIONAL BANK Mburg, Indiana			Author	ized Agent	

(4) Filing

The first carbon copy of the voucher check is attached to an itomized invoice or receipt describing the indebtedness and is filed in numerical order by months. The second carbon copy of the voucher check is filed in a binder or folder in alphabetical order to provide a cross index for ready reference. Some systems have adopted the reverse method of filing, that is, the first carbon copy filed numerically, and the second copy filed alphabetically with the receipted invoices attached.

(5) Reconciliation of Bank Account

The bookkeeping work is not completed until all of the bank accounts have been reconciled with the eash accounts in the general ledger at the end of each month. Reconciliation must take into consideration certain items such as returned checks, bank charges, etc., which may not have been reflected in the books of account for the month. It would be well to remember that by reconciliation we do not mean the more verification of the mathematical accuracy of the bank statement. Reconciliation involves taking into consideration outstanding checks, deposits in transit, and items charged by the bank and credited by the bank (such as collection of a note, services charged, etc.)

The standard method of reconciliation of bank accounts consists of the following steps:

- 1. Compare paid checks returned by the bank with the debits shown on the bank statement before disturbing the order in which they were entered on the statement.
 - 2. Arrange checks in numerical order.
- 3. Examine each check for proper endorsement. Any checks which are not properly endorsed should be returned to the bank immediately with a request that an acceptable endorsement be obtained.
 - 4. Compare, and indicate by a check mark opposite the check number in the check register, the checks returned; list checks outstanding at the close of the previous month as shown by the previous month-end reconciliation; and reconcile with checks issued during the current month as shown by the cash disbursements records, noting all checks outstanding or issued which are not returned by the bank. This comparison should include check number, date, and amount.

- 5. List by date, number, and amount, all checks which have not been paid by the bank as disclosed after comparison of the checks returned with the previous month's list of checks outstanding and the current cash disbursements record.
- 6. Verify any amount appearing in the previous month's reconciliation as deposits in transit not credited by the bank on the previous month's statement. These should appear as deposits in the current month's bank statement.
- 7. Ascertain that all reconciling items other than checks outstanding and deposits in transit which appear in the previous month's reconcilement have been accounted for either as corrections by the bank during the current month or by an adjusting entry to the general ledger account.
- 8. Compare amounts transmitted to the bank for deposit with deposit amounts shown by the bank statement and list any which have not been credited by the bank in the current month's statement. Those will be the deposits in transit for the current month's reconciliation.
- of more than six months. In such instances it is advisable to investigate the cause for the non-payment of such items and if no substantial reason exists, it is recommended that payment be stopped by notice to the bank. An adjusting entry should be made debiting Cash and crediting the appropriate liability account, Accounts Payable (General or Special Construction).
- 10. The reconciliation is made by the bookkeeper and is shown in detail either on the back of the bank statement or in the related cash book.
- 11. Summarizing the above method of reconciling the bank account the following bank reconciliation procedure is given;

Balan	ce shown by	bank statemen	nt at close	of month,	
Decem	ber 31, 1944				\$5,000.00
		transit not	credited by	bank .	300.00
•	, ·	The stage of			\$5,300.00
	. *				

December 29, 1944 #10 \$300.00

December 30, 1944 #15 200.00

December 31, 1944 #20 100.00 600.00

Adjusted Bank Balance.

\$4,700.00

Balance per General Ledger Cash Account December 31 1944

\$4,700.00

Text No. 13

It will be noted that the reconcilement does not show adjustments other than deposits in transit and outstanding checks. It is assumed in this example that any adjustments involving bank charges, returned checks, errors by bank, errors in cash receipts, and/or disbursements, collections of notes by bank, etc. have been made before the reconciliation was prepared.

4. OTHER CASH ACCOUNTS

Collections, deposits, and payments relating to cash refunds other than General or REA Construction are usually not so numerous as to require separate cash books. In most instances, a certain section of each Cash--General Funds or Cash--REA Construction Funds page may be used for recording entries to a specific minor cash account. For example, the last few lines below the total for each General Funds page could well be used for details of transactions relating to the Consumers' Deposit Fund cash account.

5. ACCOUNTS PAYABLE REGISTER

One of the fundamental purposes of an effective accounting system is to reflect all expenses, liabilities, and other charges affecting accounts in the books of account in the period or month in which they are incurred. Most changes are reflected by each transactions. Since a number of items may remain unpaid at the end of the month, it is necessary to record them in order to give effect to such transactions in the accounts. The Accounts Payable Register is used to record all unpaid items at the end of the month. Two registers are provided—one for General Funds and another for REA Construction Funds.

In order to reduce the amount of bookkeeping work to a minimum, it is a recognized REA procedure that every effort be made to pay all current obligations during the month in which they are incurred. In some instances it may be impracticable to meet current obligations immediately. In this event, these unpaid obligations are recorded in the appropriate accounts payable register. At the end of the month the accounts affected are debited and Accounts Payable credited.

The accounts payable register prescribed by REA is a columnar form which has been arranged according to the general ledger accounts most frequently used, and a miscellaneous column provided for accounts used less frequently. At the end of the month the columns are totaled and surmarized, the totals of the distributive columns equaling the total of the Accounts Payable column. In posting the totals of the distributive columns to the general ledger, the items should be identified similarly to the procedure outlined under "Cash Disbursements," such as Contractor, Meters, Operations Labor, etc.

At such times as checks are drawn in payment of items recorded in the accounts payable register, a notation should be made in the last two columns of the register indicating the date paid and the check number. This is important in reconciling the Accounts Payable Register with the General Ledger controlling account, as the total of unpaid obligations shown in the Accounts Payable Register should agree with the credit balance shown in the General Ledger controlling account. This reconciliation should be made monthly.

REA BOOKS OF ACCOUNT

Toxt No. 13

6. CONSUMERS' LEDGER

Because REA-financed electric companies receive the rajor portion of their income from the consumption of electric current by their members, it is proper to speak of the subsidiary accounts receivable records as the Consumers' Ledger or the Consumers' Ledger Card File, as the case may be.

The Consumers' Ledger may consist of one or more volumes in which the sheets are ruled as on the attached form. The individual accounts are usually set up in alphabetical order and the postings are made to them from the original billings and from the daily cash collections sheet. As of the end of any given month, the amounts owed by the consumers, according to this ledger, should total the same as the balance of the Accounts Receivable account in the General Ledger.

The attached illustration of the Consumers' Ledger Card shows one of the types of ruling in use for the cards making up the Consumers' Ledger Card File. The card file method of recording amounts due from the individual consumers has largely superseded the ledger sheet method because, when used in conjunction with the post card meter reading and billing system recommended by REA, the file method provides several advantages. The individual consumer cards may be moved about freely within the file drawer and thus lend themselves to grouping in accordance with the presentation of information regarding consumers who have not remitted their meter readings, who are delinquent in their payments, who are fully paid up, or who have paid in advance, etc.

Regardless of the type of subsidiary accounts receivable record made use of it is good practice to reconcile this record with its controlling account in the general ledger each month.

TOTAL TOTAL LEGIST

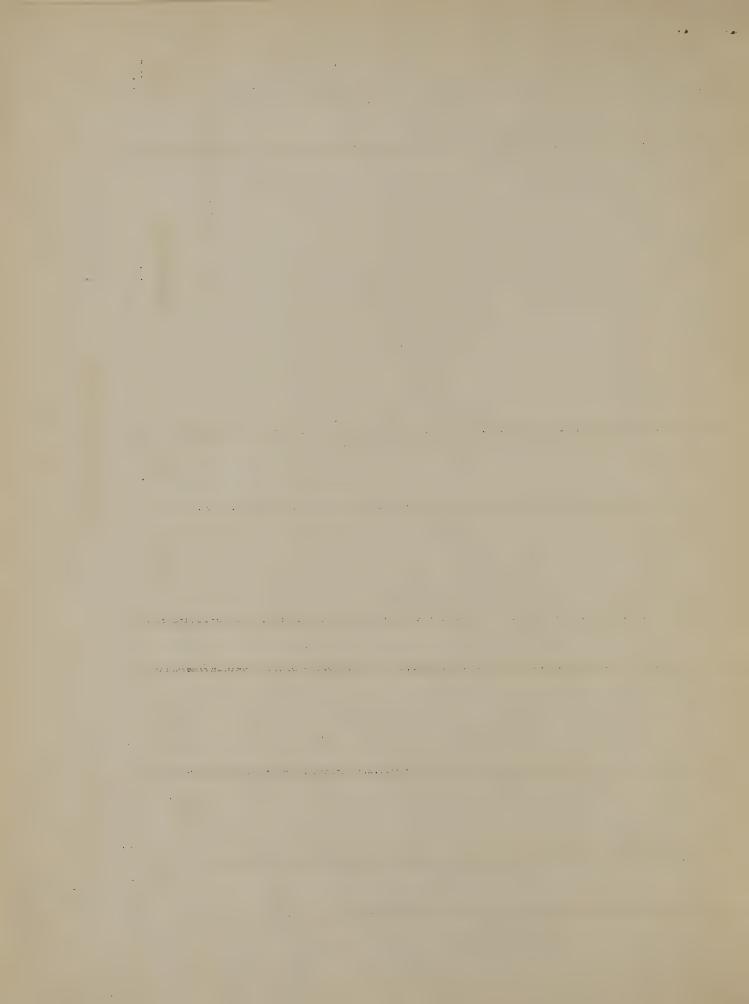
(i) The contract of the contract of the state of the contract of the contract of the CVSC of the contract of the contract of the state of the contract of t

The second of the

GENERAL LEDGER SHEET

Illustration No. 2

		DATE
		DESCRIPTION
		RBF.
	To accompany management managemen	DEBI TS
	And the same of the color of th	CREDITS
	DEBIT	Balance
· · · · · · · · · · · · · · · · · · ·	CREDIT	NCE



Text No. 13 Illustration No. 1

Sheet No.

Journal entries for month of

DATE

DESCRIPTION

ACCT.

DEBITS

CREDITS

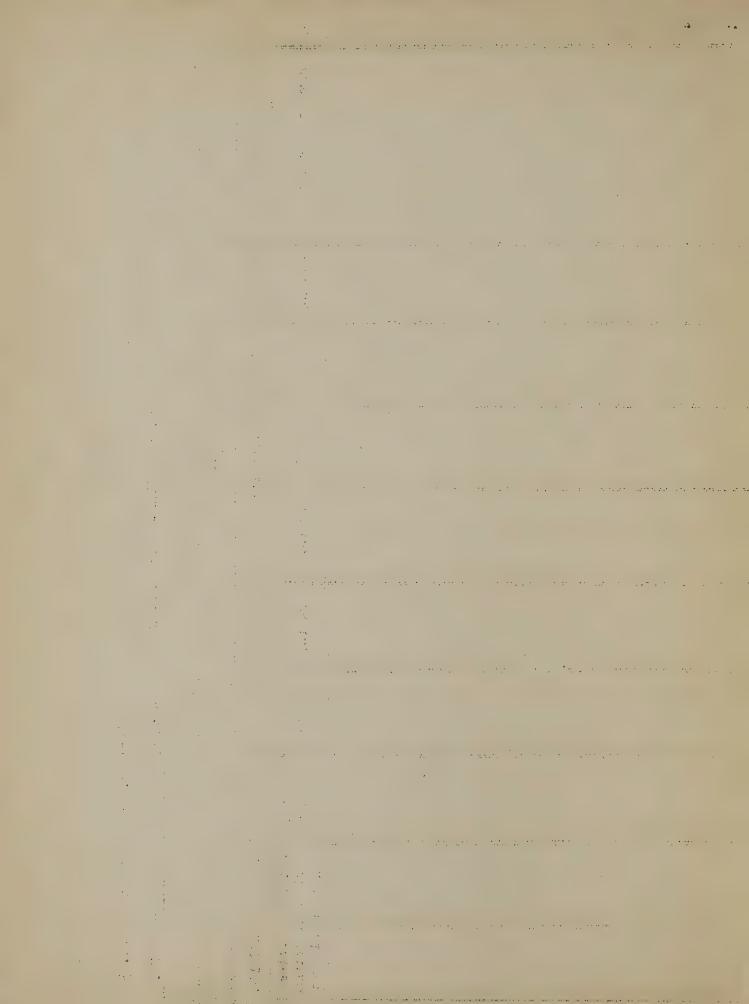


Text No. 13 - Illustration No. 3

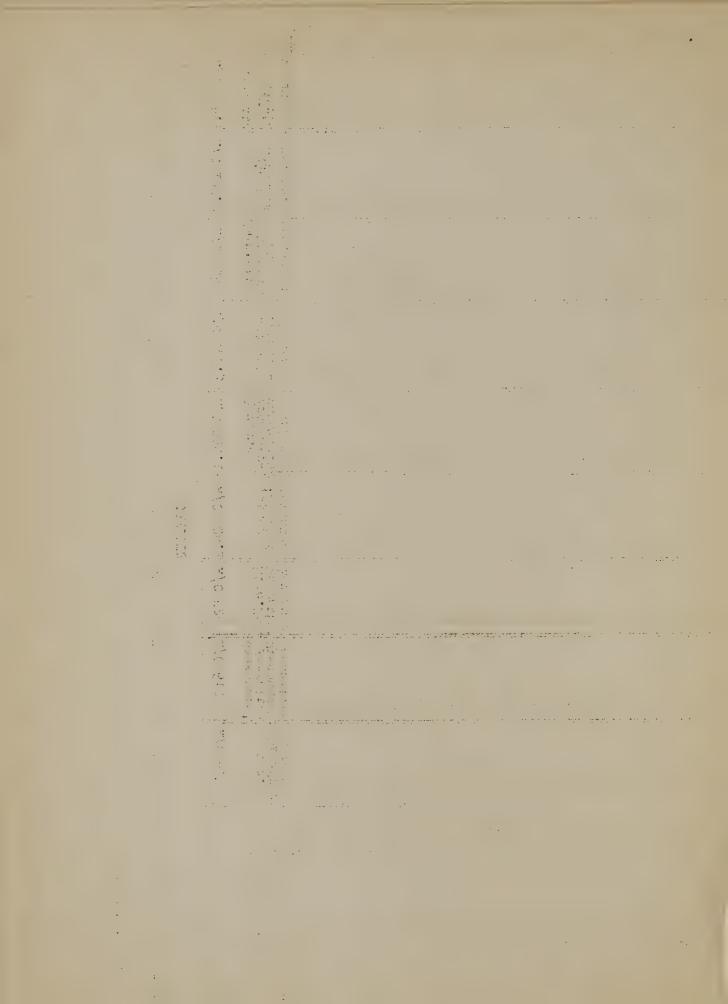
CASH GENERAL - CASH RECEIVED

Month of Sheet No.

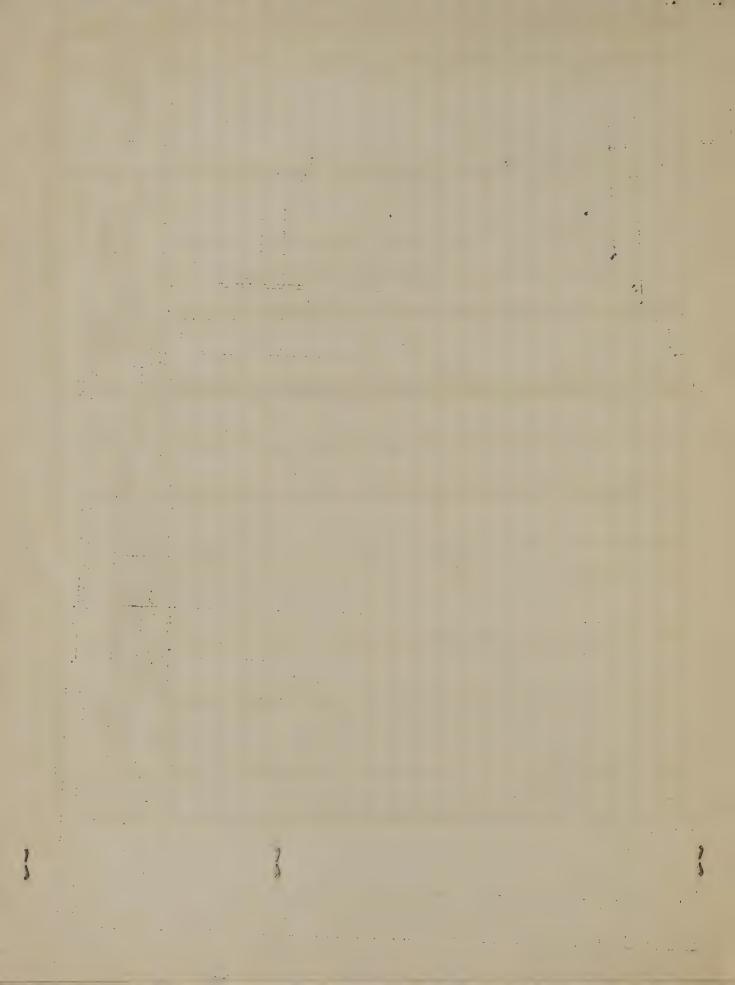
Day		
Source of Receipt		
Bank (A)	on militarypatin korona visana dalaja za usuna za apana,	
Bank (B)		
Bank (C)	Deposits	DEBITS
Bank (D)	ct vs	Ts
Bank (E)		
Bank (F)		
Total Amount		
Notes ReceivableReceivable Unpledged Pledged	A/C 124.1	CREDITS
Notes Receivable Pledged	A/C 1242	S



	Consumers	Accounts Receivants	A/C 125.1	
	Receivable	Other	A/C 125.2	
	Unissued	Memberships Subscribed	A/C 204	
	rayaole- Other	5	A/C 222.3	
	Sales	Revenue From Mer-	A/C 520.1	
	Revenues		A/C 524.2	CREDITS
·	Revenues	Misc. Non	A/C 526	. 0
	Fenalties	Consumers Forfeited	A/C 612	
	Electric Revenues	'	A/C 615	
		:		
	A/C No.	General I		
	Amount	Ledger		and the state of t



22 22 2	Reco	ord of Cash	Received	for t	the Mo	onth of	pulses on the same		, 19	• OW!	on run		TION FON	D - IN	Sheet No								et No								
			Debits	S					alligate and approximate of	from the room seems of from the				n is white the state of the sta	Cre	edit Total	Advances	to Accour	nt 135.1												
			Dej	posits	3	General Ledger		_		1			Enginee	ring		Right-of-Way General Overhead				Miscellaneous Charges											
	L i n	Source of Receipt	late A	nk Bank B	Bank	120.2	Con- tractor	Meters 2	Meter Inst.	Pole Insp 4	Legal Fees 5	Misc. Legal Exp.6	Contrac	Force Acct.	Final Eng. Insp. 8	Pre- allotment 9a	After allotment 9b	Supt.Sal	Other Salaries 10b	Office Exp. 10c	Misc. Exp. 10d	Dir.Fees Mileage 11	Ins. Bond 12	Off. Equip 13a	Transp. Equip. 13b	Tools Equip 13c	Utili- zation 13d	Int.	Mate- rial 14	Uthers	
				-											-																
											and the second second			-																	
			 	-									-																		
			-																												
				-																											
		***************************************									-		Market Stygerling op, olje sapteg scoper																	-	
																				-											
	-#																			-										· ·	
																											^				
	-																														
-																															
:																															
															-																



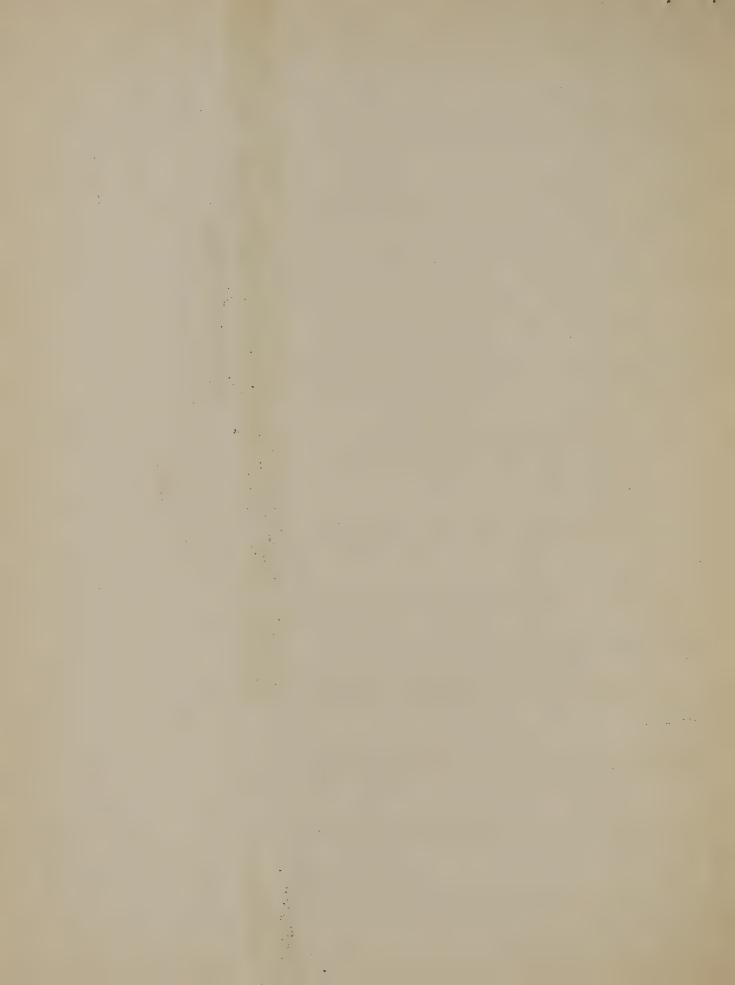
Drawn to the Order of Check No.		CREDIT	CASH - GENERAL - CHECK REGISTER
Amount S. S. Income Of Tax A/C 228.3 A/C 230.2	CHECK	ска	RECURD OF CHECKS DRAWN ON
A/C No. Amount	UCTIONS	CREDIT	Text No. 13 - For Month of BANK
General Account Retirement 103.1 103.3 144	WORK IN PROGRESS	DEBIT	- Illustration No. 5 Sheet No.

nen



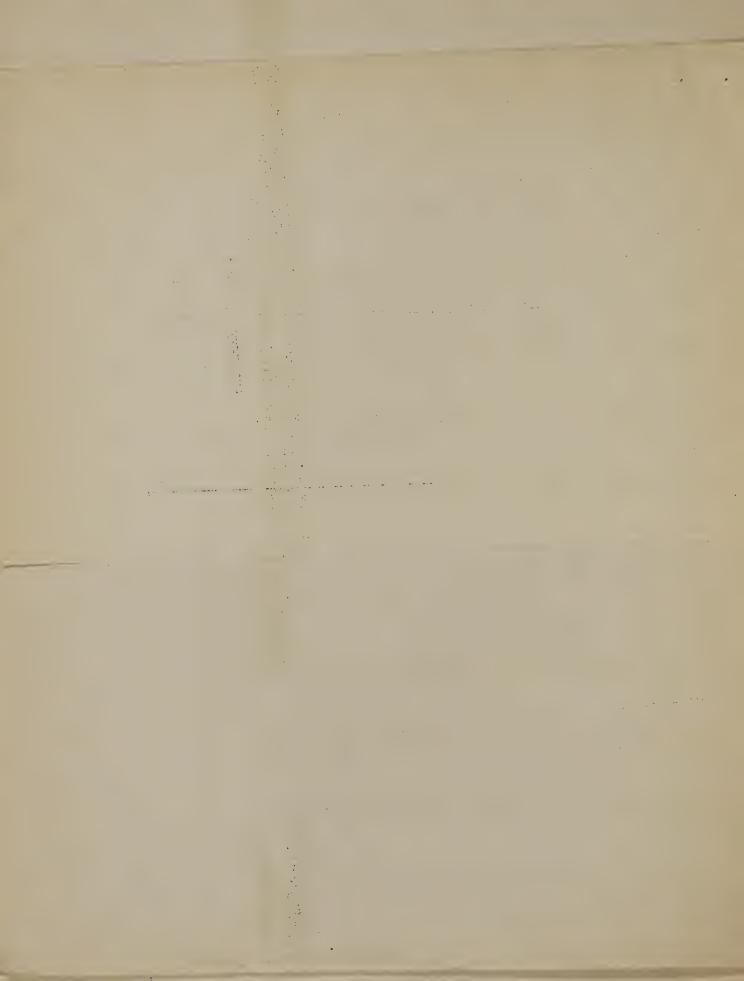
ASSENCE HOUSE IN NOTICE OF THE SECOND	Stores Expense A/C210	GENERAL OFFICE EXPENSE
aganggare on Silver on	Transportation Exp	
in the state of th	MISCELLA	
	an equs ense Amount	and the same of the same
TOTAL CITY THE SHIP OF		

LISTA



to contact a continuous des les definitions and les des les de DEBIT

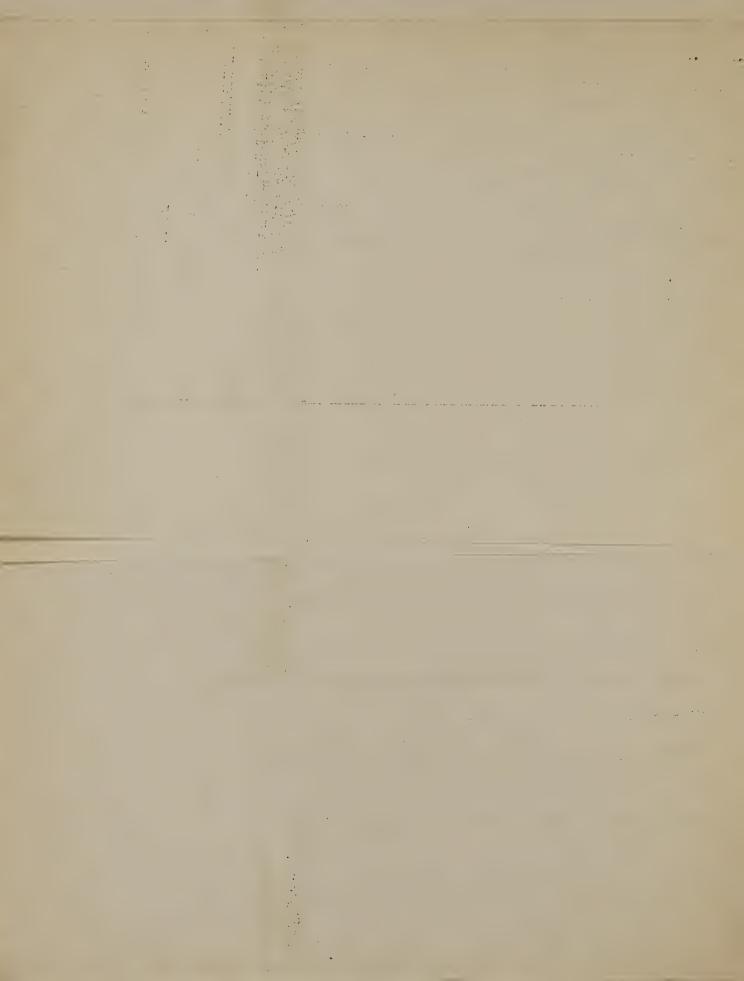
FEE COCO:
Accounts Accrued
UPERATION EXPENSES Uperation Uperation Services Consumers Station Jines F18m 1888
Other Operation Expenses



				Station nance of formers wainteners nance of Expense Station nance of formers wainteners nance of Appense Appropriate Appense Control of Services Appense Appe	国	DEBIT	THE CANADA CAMERA CAMER
,			e satur.				
			· · · · · · · · · · · · · · · · · · ·				
1 1 1 1	:	:	:			73 	3 - 1, 1 - 2 1 # 2 1 3 € 5

1 1

¥



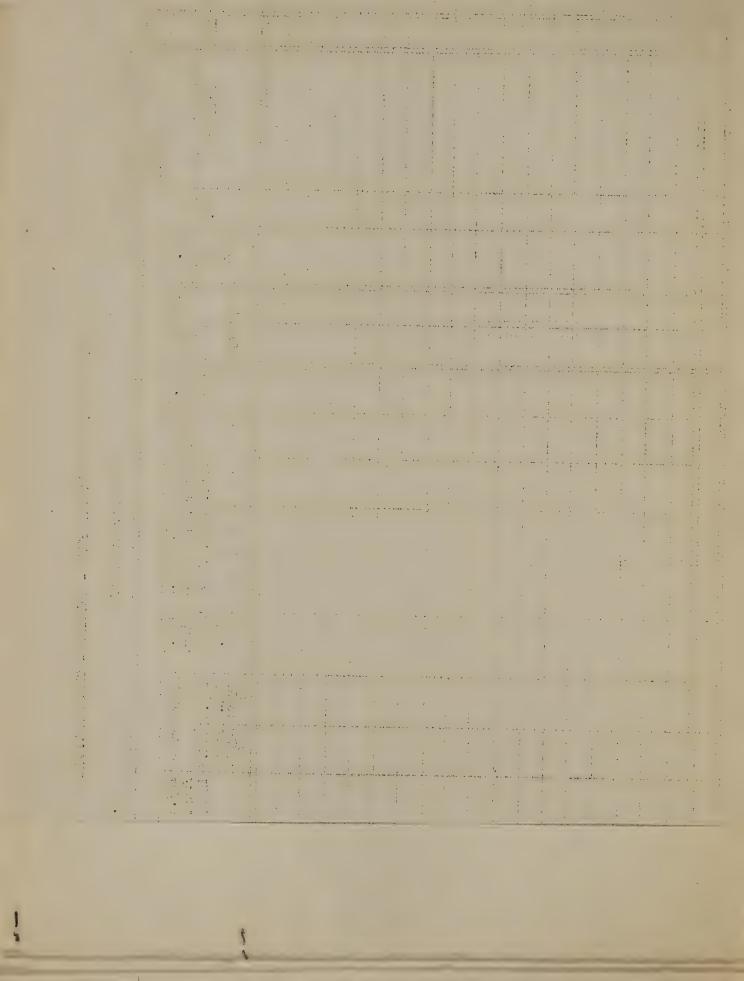
Record of Checks Drawn on

Bank for Month of

, 19___.

Sheet No.

Record of Checks Drawn on											1												3	meet No	<u> </u>											
		CREDIT																DEBIT																		
Line Day	Drawn to the Order of	Ck.	120.2 Amount	S/S Tax	In- come Tax	103.2 Con-	360 Meters	360 Meter Inst.	Pole Insp.	103.2 Legal Fees	103.2 Misc. Legal Exp.	Engine	ering	103.2 Final	103.2	/w 1350	103.2 Supt.	103.2 Other	103.2 103. Office Misc	103.2 Misc.	103.2 Director	103.2 Ins.	372 Off.	373 Trans.	377 Tool	103.2 SUtil-	103.2 In=	131.1 Mate-	103.3 Labor	Misce	llaneous					
		31401 04,		1.00	2.0			1.00	Check	228.	3 2 3 0 . 2	tor la	2	3	7+	5	Exp.	Con- tract 7a	Force Acct. 7b	8	F/A 9a	After Allot. 9b	Sal. & Mileage 10a	103.2 103. Other Offi Sal. Exp 10b 10c	Exp. 10c	Exp.	Fees & Mileage	Bonds	Furn	Equip.	130	iza- tion 13d	ter- est	rial	Other 15	A/C
											i	1						Control of the sea and a control of the sea																		
																										-										
														1			-															data datah samura sa salam pasanaga				
																		-																		
				-	<u> </u>						ļ		_	-																						
					<u> </u>	1	 										-																			
								1	-				-			-						-														
								4						-	 			and an experimental statement																		
								-	1					-																						
			-			1	ļ									 		II. And the same residence or the																		
				ļ	<u> </u>		ļ		-		1				 																	Martin and Washington of Agrandia and Agrand				
					 								4															The state of the s								
								-					-		ļ																					
												-																								
																											•									
				1												1									The party of the p											

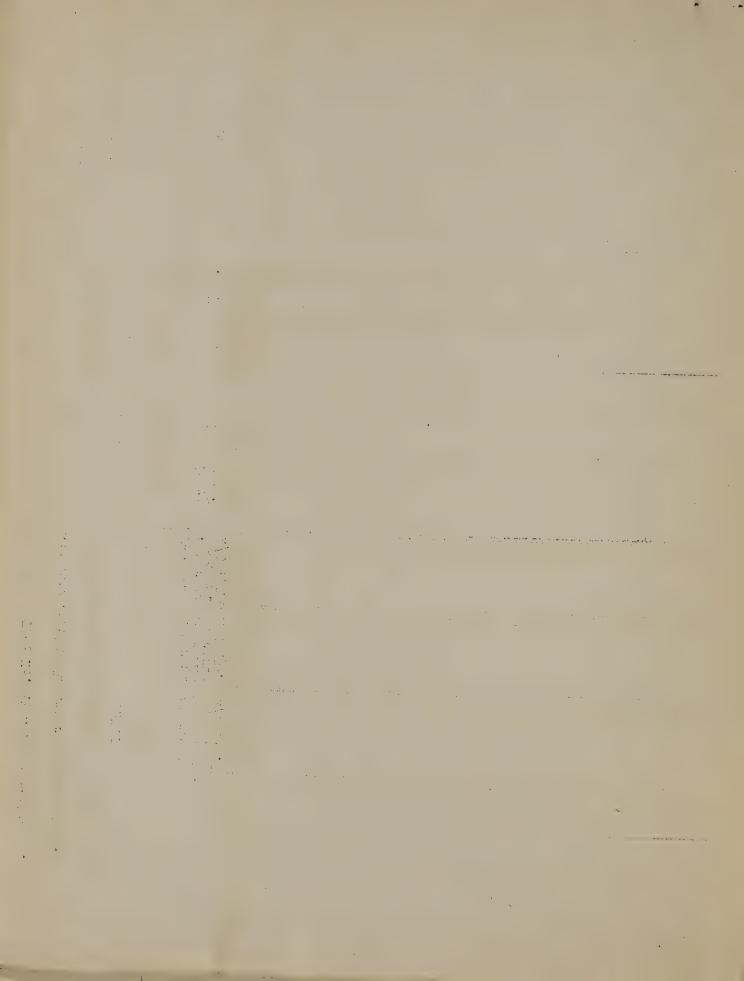


CENERAL FUNDS

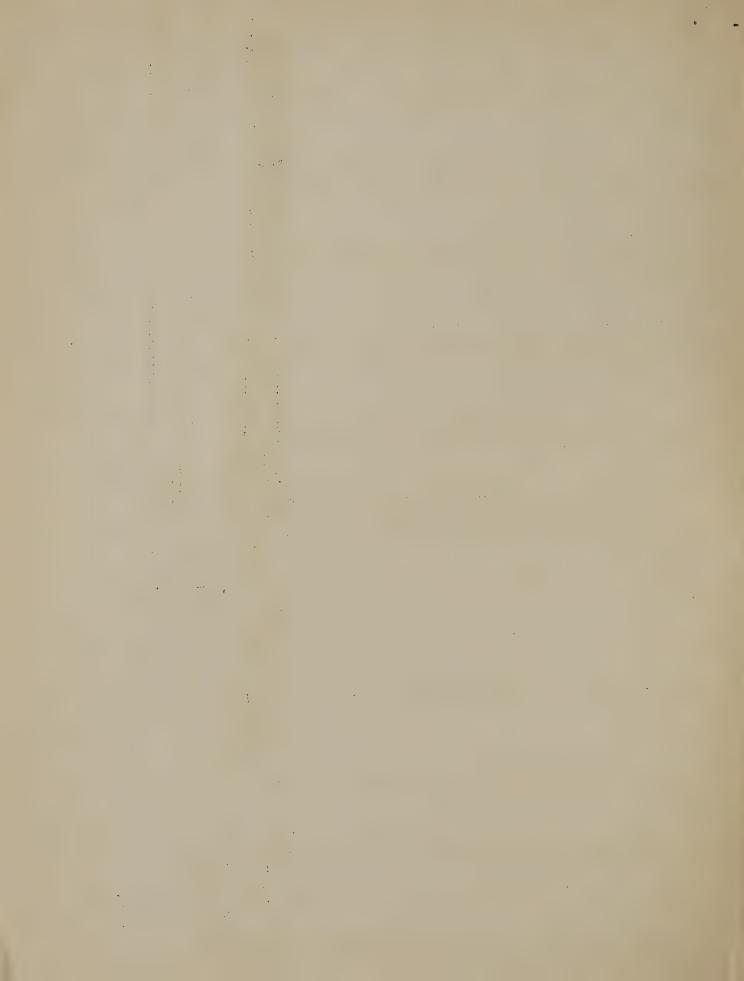
Accounts Payable Register

Sheet No.

	Fayable to	
	Vchr. Payable	CREDIT
	Pate Check Faid Number	REFERENCE
	Work in Materials Materials Progress & Supplies & Supplies Furchased General Electric Resale A/C 103. h A/C 131.1 A/C 131.2 A/C 738	DIEEU
· · · · · · · · · · · · · · · · · · ·	Operations Expense	



Sheet No.

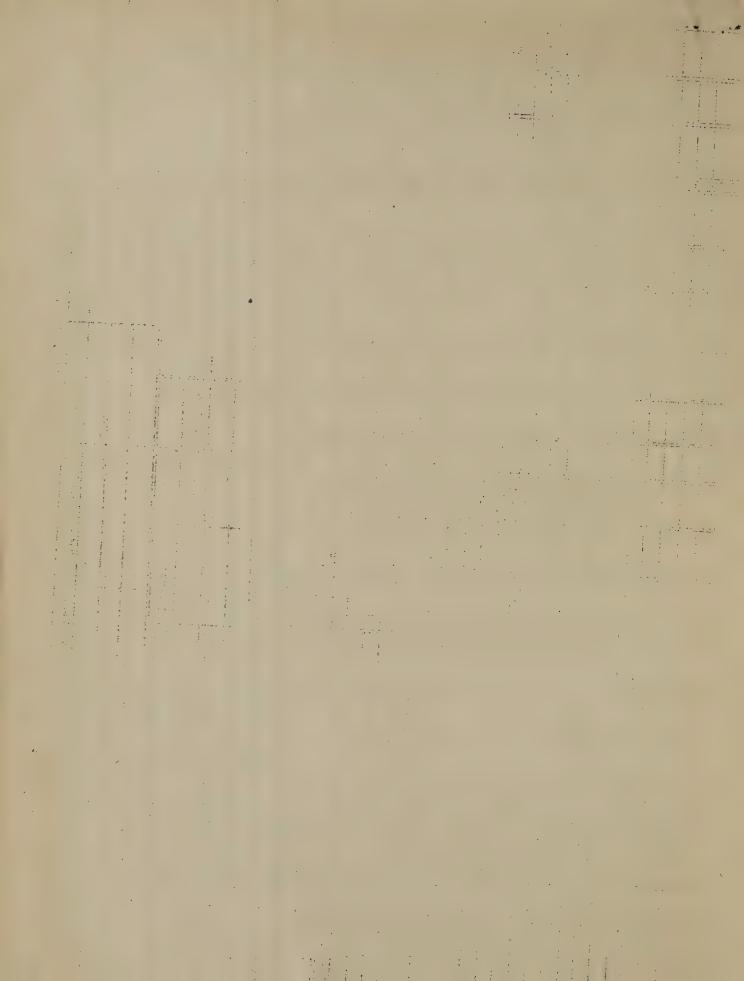


Sheet No.___

For the Month of . 19 . CREDIT 360 | 360 | 103.2 | 103.2 | Engineering A/C Pay. Meters Meter Pole Legal Misc 103.2 103.3 Line Inst. Insp. Fees Legal Con- Force Insp. Day Description trac-222.2 tract Acct. tor

	EBIT															
-	R/W	an my registration	103.2	103.2	103.2	103.2	103.2	372	373	377	103.2	103.2	131.1	103.3	Mis	sc.
The state of the s	103.2 2/A 9a		Supt. Sal. & Mileage 10a	Other Sal.		Misc. Exp.	Dir. Fees & Mileage 12		Trans. Equip.		Util- iza- tion 13d	Int.	rial	Labor Other	A/C No.	Amt.
-																
										-						
											<u></u>					
-													,			
- Thinks																
Desirant de	-												_			
S. S. Sandala	1															

						CONSUM	CONSUMERS' LEDGER SHEET	GER SHE	13			,			Text No.	0. 13 1	Must	Illustration No.	No. 9a
	P	Z		Meter	20.	Size	.Date	te Set		Date	Removed		Meter No.	Size	· Da	Date Set		Date	Removed
									+								-		
											D	Deposit D	Data				Date	ጥ	
					New A	New Address		Number	0	Amt.		ssued	Сап	Canceled		Shut Off	→	·Tu	Turned On
			Con-	Net	Sales	Forfeit	Total	Amt.	Bal.			Con-	Net	Sales	For feit	Total	Amt.	Bal.	
	Date	Index	tion	Energy Sale	Тах	Disc.	8111	Paid	Due	Date	Index	tion	Sale	Tax	Disc.	B 111	Paid	O Ve	
1																			Bro't Fwd.
	Jan.									Jan.									
	Feb.									Feb.									
	March									March									
	мау									May									
	June									June									
	July									July									
	Aug.									Aug.									
	Sept.									Sept.									
	NOV.									NOV.				22 -52					
	Dec.									Dec.									
	Jan.									Jan.									
	Feb.									Feb.									
	March									March									
	APTII			1						APTII									
	June					And the Community of the Party of the Community of the Co				May									
									-			e-displantages with respect to the	emmen is a		e partie e p				
	** * *			1	:														



Text No. 13 - Illustration No. 9b

Number	W.	Total			- The section of the section of the section of		Bro't Forward	Date Read		Reading Date	Name	per commence
Amps.	Meter R		e other e vegeter v gleden		- n-nin-minimum minimum man-ni-		ard			te		
Set	Record							Remarks				
Hemoved					de desta la constanta de la co			s Readings		Due		
No.			The state of the s					KWH Used	1	e Date		
Amount			The same and the					Net Sale				CONSUMERS
Issued	Deposit				of the continues of the			Sales		ETTST DS	1	
Debit	it Data				olige de que de l'appro ser la calgamente d'appro-	alle, et le séculificé cours allement (de		Arrears		Del Del		IEDGER CARD
Bal	A company of the control of the cont							Net Bill	r	Delinguent		
lance	Angle yeller september op de statemen - ette is som som som ette seller og de statemen ette seller og							Penalty	i .	Date	Account	
Retired	endere , edige eigend dyge dissense reggetalene e er er en er en er				The section of the se			Gross Bill		First Reading	Account Number	
	2		trape, any chief o minimum		and the second	a commission of the second		P.Amt.		ng_ Delir		
Wint City	1 ~ 1	And the state of t				A distribution of the contraction of the contractio		Date Date		Delinguent Re		
Turned On	ocord						Transport of the state of the s	Be 1 .		Date.		

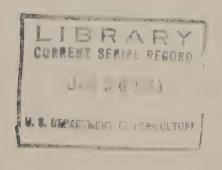


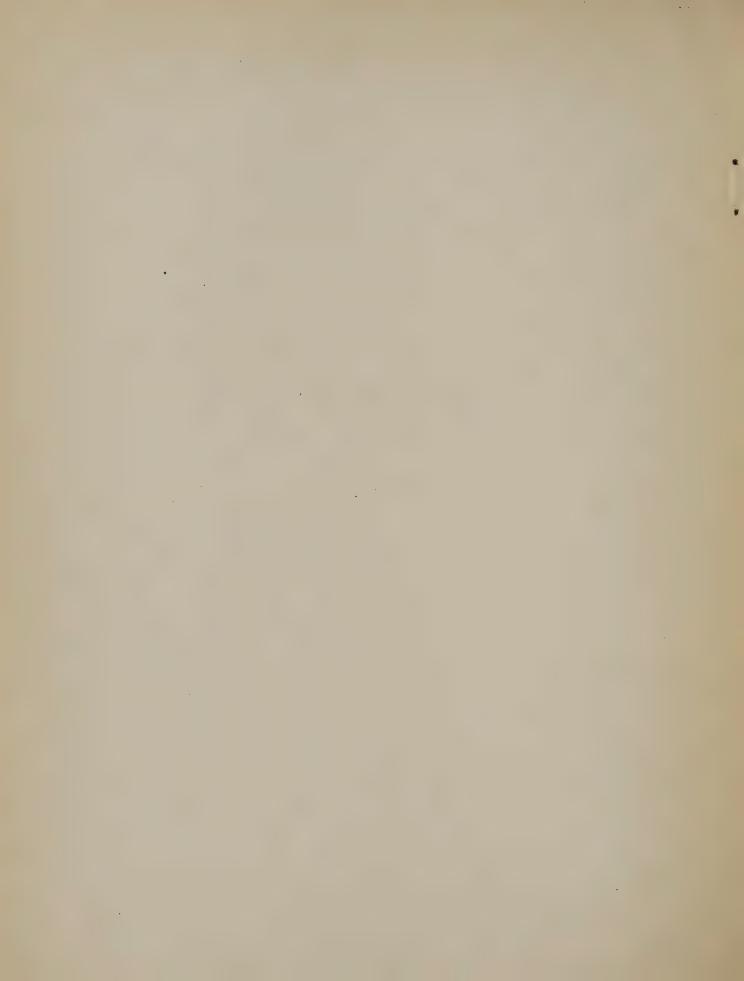
1.933. P1125 Up 3

REA BOOKKEEPING COURSE (Revised 12-15-47)

Text No. 13

REA Books of Account





UNITED STATES DEPARTMENT OF AGRICULTURE Rural Electrification Administration Finance Division Washington 25, D. C.

REA BOOKS OF ACCOUNT

Text No. 13

1. INTRODUCTION

The principal books of account used by REA-Financed systems are listed below and a sample sheet from each is attached to this text.

- 1. General Journal
- 2. General Ledger
- 3. Cash--General Cash Received
- 4. Cash--General Check Register
- 5. Cash--REA Construction Fund--Trustee Cash Received and Budget Control
- 6. Cash--REA Construction Fund--Trustee Check Register
- 7. General Accounts Payable Register
- 8. REA Construction Fund--Trustee Accounts Payable Register
- 9. Consumers' Ledger

2. GENERAL JOURNAL AND GENERAL LEDGER

The General Journal for REA use is typical of those previously discussed. On the left of the page is a date column, and in order to the right appear a description column, an account number column, and debit and credit money columns. Each page of the General Ledger has space at the top for the account title. At the left a date column is provided, followed in order to the right by a description column, a reference or folio column, and a pair of money or amount columns. Still to the right of the regular amount columns is found a pair of "balance" columns in which the balance of the account (whether debit or credit) at any date may be entered.

3. CASH BOOK

The classification of accounts prescribed for the REA Manual of Accounts requires the use of the columnar form of cash book. All cash receipts should be deposited intact and all disbursements made by check. Grouping the various sources of income and withdrawals under specific columns facilitates the work in maintaining the accounting records. The form of columnar cash book prescribed is adapted to the use of REA systems. The distributive columns have been classified in accordance with the frequency with which transactions occur. A miscellaneous column has been provided for transactions occurring less frequently.

a. Receipts

The receipts of an REA borrower include revenue from the operation of electric lines, membership fees, consumers' deposits, and other miscellaneous revenue, which are classified as General Funds.

Text No. 13

(1) Various Sources of Cash

The primary source of income is from the sale of electric energy. However, there may be other miscellaneous receipts from materials purchased for resale or from services rendered. The receipts derived from the operation of the electric plant are considered operating revenues and the funds are deposited in one or more bank accounts designated "Cash--General." Membership fees which represent the members' initial equity in the cooperative are also deposited in the "Cash--General"-Funds Consumers' deposits, representing amounts paid by the members as security for the payment of electric bills, should be deposited in a special fund entitled "Cash--Consumers' Deposits." The funds advanced by REA for the construction of electric lines and other designated purposes are deposited in a depository approved by REA for that purpose and titled "Cash--REA Construction Fund--Trustee." These advances are recorded on a "Cash--REA Construction Fund -- Trustee - Cash Received and Budget Control" sheet immediately upon receipt of the check from the U.S. Treasury. The date of the treasury check should be inserted in the memorandum column of the cash receipt book for future use in computing interest on funds advanced. Interest begins on the day following issuance of U. S. Treasury check by Disbursing Officer and includes the last day of the billing period. All reimbursements to REA Construction Funds, either from General Funds or refunds on expenditures originally disbursed from REA Construction Funds, are deposited in the REA Construction Funds bank account. In recording cash receipts on the cash received sheet prescribed, the page number and the month and year date should appear in the heading of each page. The day of the month should be inserted in the date column, the source of the receipt in the descriptive column, and the total amount of the receipt in the cash column. In recording an advance of funds from REA, the individual amounts should be distributed to the various columns in the cash received record according to the purposes for which funds were advanced as indicated on the approved requisition. All advances of funds from REA are a credit to the account, "Allotment Available from REA."

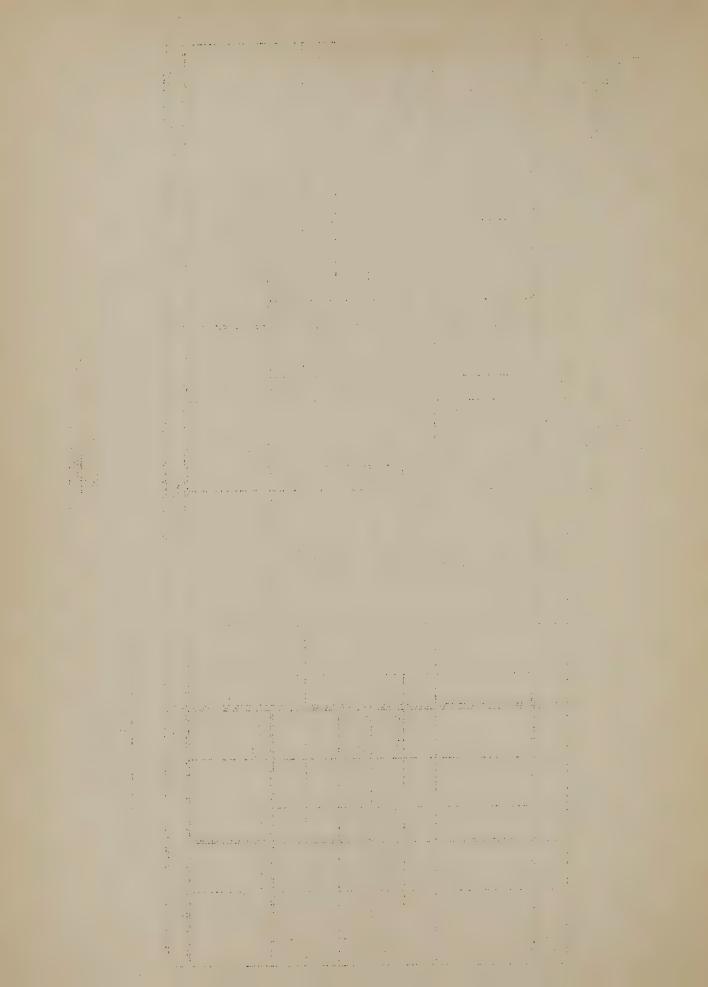
(2) Daily Cash Records

There are two methods of accounting for daily cash receipts: the daily cash collection sheet and the daily cash envelope method. The daily cash collection sheet is a columnar form and provides for the date, the account number, name of the consumer, the amount collected, and distributive columns titled according to the source of receipts such as Accounts Receivable, Membership Fees, Consumers' Deposits, etc. At the end of the day, the daily cash collection sheet is totaled and reconciled with the cash in the money drawer. A summary of the collections is made at the bottom of the sheet and the names of the banks in which the funds are deposited should be noted thereon. Where the number of consumers is exceptionally large,

DAILY CASH COLLECTIONS CASH - GENERAL

Date	
January	
2	
1945	

Total	3rd State Bank 6th National Bank 15th National Bank	Total	Harry Fin - #146B	Installa- Tom Sawyer - tion Note	Fred Howe - Deposit	Fred Howe - Memb. Fee	John Smith - #37A			Source of Collection
\$40.38	\$29.71 5.00 5.67	29 71	8 61			5 00	16 10	120.1		Debit
	<u>DATI</u>	23 55	8 20				15 35	125.1		
	DATE OF DEPOSIT: 1/2/45 1/2/45 1/2/45	1 16	41				75	612		T.D
	l i	5 00				5 00	,	200.2		Credits
								a/c No.	Misc.	
							:	Amt.		
				120.4	120.5			a/c No.	Cash	Debit
		10 67		5 67	5 00			Amt.		
				524.2 T24	227			a/cNc.		Credit
		10 67		67	1			Amt.		C†



REA BOOKS OF ACCOUNT

Text No. 13

the work involved in recording each consumer's name and amount would be rather burdensome.

In such cases, it is customary to run an adding machine tape of the energy bills paid and list the total amount under Accounts Receivable. Postings to the individual consumers' accounts, where detail is not listed on the daily collection sheet, should be made from the receipt stubs. The adding machine tape is then attached to the stubs, which are dated and filed in chronological order for future reference. Other receipts, such as membership fees, consumers' deposits, or other miscellaneous receipts, are listed separately on the sheet.

Under the envelope method receipts are grouped according to classification, such as energy bills, membership fees, etc. An adding machine tape is run of each group of receipts, and the totals of the groups are summarized on the front of the envelope under the various captions. The total of the summary is reconciled with the cash in the money drawer, and the name of the bank in which the funds are deposited is noted, together with the amount deposited. Either of these methods provides a record of the daily cash collections classified as to the source. It is important that duplicate receipts be retained by the system on collections received. In the case of energy bills, the canceled stubs should be retained and marked "paid." If a remittance is not accompanied by a stub, a prenumbered counter receipt should be prepared showing the name of the consumer, account number, and the amount of the collection. Prenumbered receipts should be issued for all collections of membership fees, consumers' deposits, etc., and duplicate copies retained with the cash record.

If merchandise sales are made, prenumbered invoices should be prepared in duplicate, the original going to the consumer and the copy being retained for the office records, showing the detail of material sold and the cost of the individual items. If the sale is a cash transaction, the invoice should be stamped "paid" and placed with the other receipts. All energy bill stubs and other receipts should equal total cash received and these, together with the duplicate deposit slips, should be placed in an envelope and filed in chronological order. A summary of all daily cash collections is to be posted to the Cash-General - Cash Received sheet.

The amount deposited is recorded in the bank column, the total amount of the receipts is recorded in the cash column, and the amounts of the various classifications are distributed to the respective columns. At the end of the month the cash received sheets are totaled and ruled and the amounts posted to the General Ledger accounts. A new sheet should be started for each month.

Text No. 13

(3) Deposits

All cash receipts should be deposited intact daily. The usual procedure is to deposit the current day's collections on the following morning. However, in offices where it is not considered safe to hold the funds overnight, a certain time during the day should be established for the closing of the day's business, and collections up to that time should be verified and deposited before the bank closes. The deposit slip should be prepared in duplicate, and the signature of the bank teller receiving the deposit should appear on the copy retained by the cooperative. In preparing the deposit slip, the funds are divided between currency, silver, checks, and money orders. Checks and money orders should be properly endorsed and listed separately. A deposit slip is illustrated below:

THE FIRST NATIONAL BANK OF JONESVILLE

Jonesville, Tenn.

IN ACCOUNT	WITH REA Coope	erative
	Cash - General	
DATE .	August 1, 1944	
Currency	· ·	\$100.00
Silver		.60
Checks	James Smith	J.O.00
	Mary Snider	15.00
Money Order	s William Brown	5.00
	Joseph Bryan	7.00
<u>Durric</u>	ATE	
Deposit Rec		

stal \$137.60

(Signature Bank Teller)

(4) Depositories

The Board of Directors select a depository which should be a member of the Federal Reserve System. After preliminary investigation by REA, if the bank is found acceptable with the Board of Directors, an account may be opened with the approved depository. REA Loan Contracts require that all depositories be members of the Federal Deposit Insurance Corporation. Usually only one depository is approved for the REA Construction Funds. The deposits to this account, which are usually in large amounts, do not remain in the bank for any length of time since disbursements ordinarily are made soon after the funds are received. The cooperative should not request advances in excess of its immediate needs. It will be necessary to secure approval of additional depositories for General Funds if the balance in this account exceeds the \$5,000.00 limit of protection provided by the Federal Deposit Insurance Corporation. In such cases, it is necessary to maintain separate bank accounts. If the depositor has three or four bank accounts in one bank and the total of the combined balances exceeds \$5,000.00, deposits are protected only to the \$5,000.00 limit.

b. Disbursements

As already explained under "Receipts" there are two main cash accounts used generally by REA systems; namely, the Cash--General and Cash--REA Construction Funds. Since cash receipts are segregated to the separate funds according to their sources, it is also necessary to segregate the cash disbursements. To accomplish this segregation, separate cash disbursements sheets or check registers are provided. The General Funds disbursements should normally include all payments other than those of a special construction nature. A discussion of these two types of disbursements follows:

(1) General Fund

Since all receipts derived principally from the operation of the electric system, including membership fees, etc., are deposited to the Cash--General account or accounts, it follows that all related disbursements resulting from the operation of the system, including refunds of membership fees, etc., must be drawn by check on the same fund.

Disbursement checks drawn on the General Funds account are recorded numerically by check number in the Cash-General Check Register or cash disbursement book and the amounts are distributed in accordance with the classified purposes of each disbursement. If, for example, a check is made out to the manager of a system in payment of his salary of \$200, which has been apportioned in accordance with the actual time spent for each operation, the distribution of this check would be indicated in the check register under each of the accounts affected.

In recording salary checks, the net amount of the check is reflected in the cash credit column. The Social Security Tax Deduction is recorded as a credit under the Social Security Tax column and the Income Tax Withheld is entered as a credit to the Income Tax Withheld account. Amplifying the above example, the following illustration is given:

Debit			-\$	\$100.00
17	11	756 -Operation Supervision and Engineering		
	tt	764 -Maintenance Supervision and Engineering		
		780 -Meter Reading, Accounting and Collecting	-	50.00
Credit	Acct	120.1-Cash-General 228.3-Accrued U. S. Social Security	-	183.00
11 .	11	Tax-Old Age Benefit 230.2-Accrued Employees' Income Tax Withheld		2.00

Distribution of the above items would be made in the Cash--General - Check Register in the column provided. If no column is provided for any particular item, the amount should be entered in the Miscellaneous column and the proper account number given.

(2) REA Construction Funds

Since receipts deposited for this fund consist primarily of advances by REA for specific construction purposes, it naturally follows that the disbursements from this fund must be made for the same specific purposes.

The method of recording checks in the Cash--REA Construction Fund--Trustee - Check Register is substantially the same as the one outlined for the Cash--General - Check Register. The main difference between these registers is the nature of the disbursements which necessitates distributive columns applicable to budget purposes.

At the close of the month, the check register page is totaled and footed in pencil. The "miscellaneous" column is summarized for posting purposes at the bottom of the column. After the accuracy of the total of the debit and credit columns is verified, these columns should be inked in and ruled. Then the totals are posted to the appropriate general ledger accounts.

(3) Voucher Checks - Form and Preparation

A voucher check is a form of bank check on which are recorded the essential details of the disbursement.

The payee's endorsement constitutes a prima facie receipt for the payment of the account as stated. The form of voucher check used by REA systems is a combination voucher and check. The voucher portion provides for memoranda of the details of the indebtedness covered by the remittance.

REA BOOKS OF ACCOUNT

Text No. 13

The check portion is the ordinary form of bank check bearing the same number as the voucher portion. The voucher check is prepared in triplicate, the original going to the payee, and two copies being retained by the system. If more than one bank account is in use, checks on each should be of a separate series and distinctive color. An illustration of the voucher check is given below.

,		· · ·				
Date	Items		me go grave a manuschaire menos en emisse et en en egan			
·.	of common of a					
	4				· · · · · · · · · · · · · · · · · · ·	
		LATOT	\$;	
	**************************************					notes before some
*	dienek et trans, sotto-renderderderde et erendelingungs-ragsegagen sonder		englasi -dasamanan suoma valan elikusus-valatiiliinii			
	REMIT	TTANCE M	EMO			
SIM	PSON COUNTY RU	RAL ELEC	TRIC COOPL	ERA'TIVE	N	o. 2573
Cash - General			Simpa	sonburg, 1	[ndiana	19
PAY TO THE ORDER	OF .	angenthymicalarie have destroyened when			\$	_
		promitions or appropriately described in the second			_Dollars	
ersigned				ıral Elect		

Payable at SIMPSON NATIONAL BANK Simpsonburg, Indiana Authorized Agent

Text No. 13

(4) Filing

The first carbon copy of the voucher check is attached to an itemized invoice or receipt describing the indebtedness and is filed in numerical order by months. The second carbon copy of the voucher check is filed in a binder or folder in alphabetical order to provide a cross index for ready reference. Some systems have adopted the reverse method of filing, that is, the first carbon copy filed numerically, and the second copy filed alphabetically with the receipted invoices attached.

(5) Reconciliation of Bank Account

The bookkeeping work is not completed until all of the bank accounts have been reconciled with the cash accounts in the general ledger at the end of each month. Reconciliation must take into consideration certain items such as returned checks, bank charges, etc., which may not have been reflected in the books of account for the month. It would be well to remember that by reconciliation we do not mean the mere verification of the mathematical accuracy of the bank statement. Reconciliation involves taking into consideration outstanding checks, deposits in transit, and items charged by the bank and credited by the bank (such as collection of a note, services charged, etc.)

The standard method of reconciliation of bank accounts consists of the following steps:

- 1. Compare paid checks returned by the bank with the debits shown on the bank statement before disturbing the order in which they were entered on the statement.
 - 2. Arrange checks in numerical order.
- 3. Examine each check for proper endorsement. Any checks which are not properly endorsed should be returned to the bank immediately with a request that an acceptable endorsement be obtained.
- 4. Compare, and indicate by a check mark opposite the check number in the check register, the checks returned; list checks outstanding at the close of the previous month as shown by the previous month-end reconciliation; and reconcile with checks issued during the current month as shown by the cash disbursements records, noting all checks outstanding or issued which are not returned by the bank. This comparison should include check number, date, and amount.

- 5. List by date, number, and amount, all checks which have not been paid by the bank as disclosed after comparison of the checks returned with the previous month's list of checks outstanding and the current cash disbursements record.
- 6. Verify any amount appearing in the previous month's reconciliation as deposits in transit not credited by the bank on the previous month's statement. These should appear as deposits in the current month's bank statement.
- 7. Ascertain that all reconciling items other than checks outstanding and deposits in transit which appear in the previous month's reconcilement have been accounted for either as corrections by the bank during the current month or by an adjusting entry to the general ledger account.
- 8. Compare amounts transmitted to the bank for deposit with deposit amounts shown by the bank statement and list any which have not been credited by the bank in the current month's statement. These will be the deposits in transit for the current month's reconciliation.
- 9. Some thought should be given to checks cutstanding for a period of more than six months. In such instances it is advisable to investigate the cause for the non-payment of such items and if no substantial reason exists, it is recommended that payment be stopped by notice to the bank. An adjusting entry should be made debiting Cash and crediting the appropriate liability account, Accounts Payable (General or Special Construction).
 - 10. The reconciliation is made by the bookkeeper and is shown in detail either on the back of the bank statement or in the related cash book.
 - 11. Summarizing the above-method of reconciling the bank account the following bank reconciliation procedure is given:

	Balance shown by bank statement at close of month,	
	Desember 31, 1947	\$5,000.00
	Add: Deposits in transit not credited by bank	300.00
		\$5,300.00
,	The second secon	
	Deduct: Outstanding Checks	
	December 29, 1947 #10 \$300.00	
:	December 30, 1947 #15	
	December 31, 1947 #20	600.00
	Adjusted Bank Balance	\$4,700.00
	Balance per General Ledger Cash Account December 31,	
	1947	\$1,700.00

It will be noted that the reconcilement does not show adjustments other than deposits in transit and outstanding checks. It is assumed in this example that any adjustments involving bank charges, returned checks, errors by bank, errors in cash receipts, and/or disbursements, collections of notes by bank, etc. have been made before the reconciliation was prepared.

4. OTHER CASH ACCOUNTS

Collections, deposits, and payments relating to cash refunds other than General or REA Construction are usually not so numerous as to require separate cash books. In most instances, a certain section of each Cash--General Funds or Cash--REA Construction Funds page may be used for recording entries to a specific minor cash account. For example, the last few lines below the total for each General Funds page could well be used for details of transactions relating to the Consumers' Deposit Fund cash account.

5. ACCOUNTS PAYABLE REGISTER

One of the fundamental purposes of an effective accounting system is to reflect all expenses, liabilities, and other charges affecting accounts in the books of account in the period or month in which they are incurred. Most changes are reflected by cash transactions. Since a number of items may remain unpaid at the end of the month, it is necessary to record them in order to give effect to such transactions in the accounts. The Accounts Payable Register is used to record all unpaid items at the end of the month. Two registers are provided—one for General Funds and another for REA Construction Funds.

In order to reduce the amount of bookkeeping work to a minimum, it is a recognized REA procedure that every effort be made to pay all current obligations during the month in which they are incurred. In some instances it may be impracticable to meet current obligations immediately. In this event, these unpaid obligations are recorded in the appropriate accounts payable register. At the end of the month the accounts affected are debited and Accounts Payable credited.

The accounts payable register prescribed by REA is a columnar form which has been arranged according to the general ledger accounts most frequently used, and a miscellaneous column provided for accounts used less frequently. At the end of the month the columns are totaled and summarized, the totals of the distributive columns equaling the total of the Accounts Payable column. In posting the totals of the distributive columns to the general ledger, the items should be identified similarly to the procedure outlined under "Cash Disbursements," such as Contractor, Meters, Operations Labor, etc.

At such times as checks are drawn in payment of items recorded in the accounts payable register, a notation should be made in the last two columns of the register indicating the date paid and the check number. This is important in reconciling the Accounts Payable Register with the General Ledger controlling account, as the total of unpaid obligations shown in the Accounts Payable Register should agree with the credit balance shown in the General Ledger controlling account. This reconciliation should be made monthly.

Text No. 13

6. CONSUMERS' LEDGER

Because REA-financed electric cooperatives receive the major portion of their income from the consumption of electric current by their members, it is proper to speak of the subsidiary accounts receivable records as the Consumers' Ledger or the Consumers' Ledger Card File, as the case may be.

The Consumers' Ledger may consist of one or more volumes in which the sheets are ruled as on the attached form. The individual accounts are usually set up in alphabetical order and the postings are made to them from the original billings and from the daily cash collections sheet. As of the end of any given month, the amounts owed by the consumers, according to this ledger, should total the same as the balance of the Accounts Receivable account in the General Ledger.

The attached illustration of the Consumers' Ledger Card shows one of the types of ruling in use for the cards making up the Consumers' Ledger Card File. The card file method of recording amounts due from the individual consumers has largely superseded the ledger sheet method because, when used in conjunction with the post card meter reading and billing system recommended by REA, the file method provides several advantages. The individual consumer cards may be moved about freely within the file drawer and thus lend themselves to grouping in accordance with the presentation of information regarding consumers who have not remitted their meter readings, who are delinquent in their payments, who are fully paid up, or who have paid in advance, etc.

Regardless of the type of subsidiary accounts receivable record made use of it is good practice to reconcile this record with its controlling account in the general ledger each month.

. :

Text No. 13 Illustration No. 1

DATE	Journal e
DESCRIPTION	Journal entries for month of 19
ACCT.	
DEBITS	
	She
CREDITS	Sheet No.



Illustration No. 2

GENERAL LEDGER SHEET

OCER SHEET

		-		
		1		
ga val a sangar valo y tropado	-	-		
		-		
	-	-		
		1		
	Management of the	or or existence		
	STATE OF STREET	-		
		I		
		STATE AND PERSONS		
	-	1		
	1	Ì		
	-			
	Two languages	-		
	-	-		
	-			
	-	-		
		-		
	-	-		
	ì			
	The second	110		
	-			
on a villado	-	-		
	-	Ì		
	-			
	-	1		
	-	-		
-	-	-		
	-	1		
	- uthatestrates			
BA.	SALAN SEED TALKED	-		
LAN	State of the State of	-		
BALANCE	Company of the control of the contro	And in case of the		
	-	-		
	-	-		
	Street or or address.	To the same or		
	-	-		

DEBITS

DEBIT

CREDIT

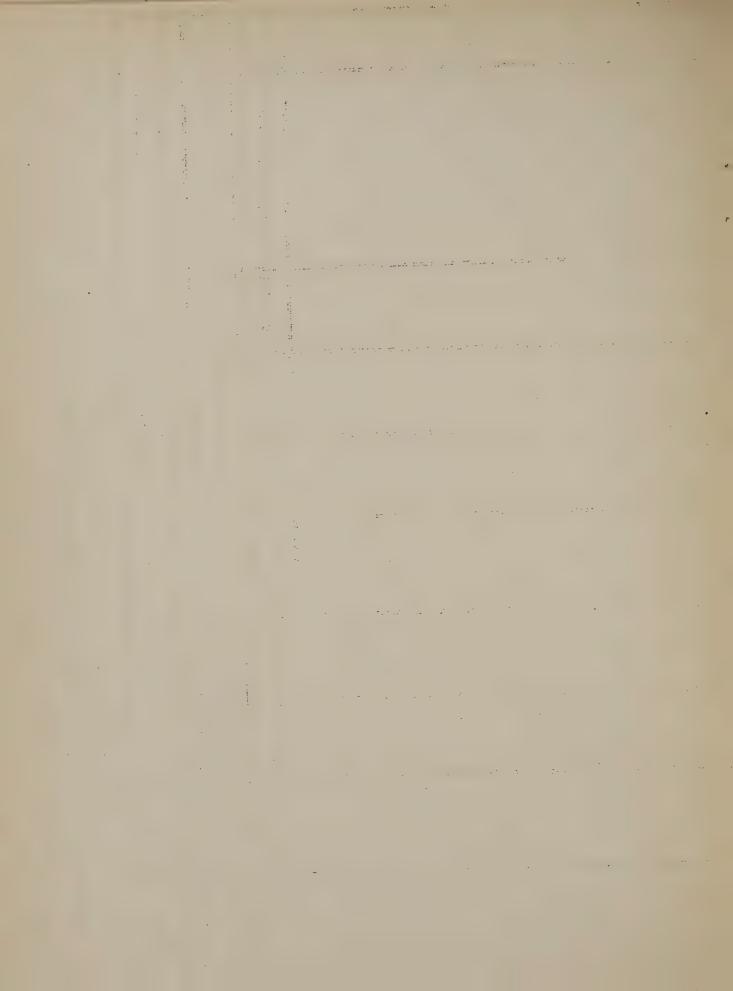
DESCRIPTION



Month of

Sheet No.

Day Source of Receipt Bank (A) Bank (B) DEPOSITS DEBITS Bank (C) Bank (D) Bank (王) Bank (F) Total Amount Notes Receivable A/C 124 GREDITS

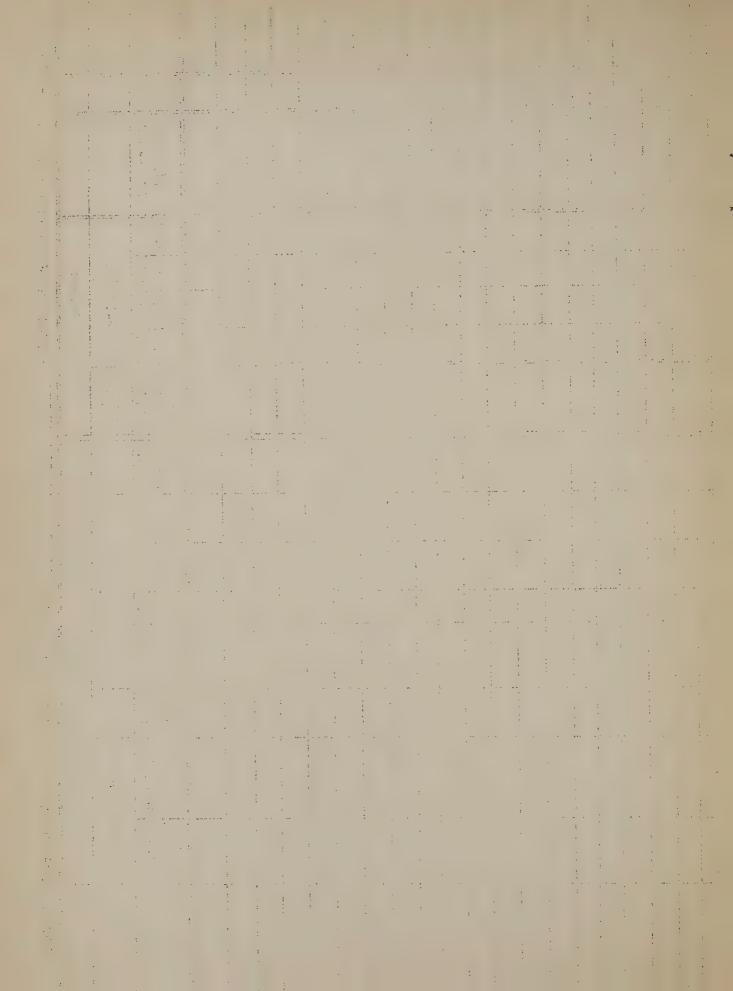


CREDITS

									April de communicación de company	And the state of the state of the party of the party of the state of t
A/C 125.1	A/C 125.2	A/C 200.2	A/C 223.3	A/c 520.1	A/C 524.2 A,	0	A/C 612	A/C 615	General	Ledger
Accounts Receivable Electric Consumers	Other Accounts Receivable	Memberships Subscribed But Unissued	Accounts Payable- Other	Revenue From Mer- chandising Sales	Other Interest C	Misc.Non- Operating Revenues	Consumers' Forfeited Forfeited Penalties Penalties	Misc. Electric Revenuss	A/C No.	^A mount



Record		of Cash Received		r the	for the Month of	of			19	. Ct	SH REA	CASH REA CONSTRUCTION FUND	TION FUND	- TRUST
				Debits	ts					dena de la composição d				- Commission - Com
				Deposits	its	General Ledger						Engineering	gui.	
	OH H	Source of Receipt	Date	Bank B	Bank Bank B C		Con- tractor	Meters Meter Inst	 Role 1	Legal Fees 5	HT SC TO SC	Contract 7a	Force Acct.	
														en plate e dissemblement de sembles en en des en
												the distribution on the contraction of		e communication of the communi
														. D to-continuing reject-companies district on companies and
							An a Committee of the							
The second secon														
														Committee Commit
	1100													
						1					the option of the state of the state of			
						ı					the state of the s	engilitation etatoria i essenziale subbiscomparate e comp		



+	 1		 +			 	 -	of the second		1
								Final Eng. Insp.		Cr
								00		Credit Total Advances
								Pre allow 9a	hard	日日
								Pre- After allotment 9a 9b	Right-of-Way	otal
								tal	t-0	Ad
								After Llotmen 9b	f-We	vano
								ent	2y	\$
								ms %		to 1
					İ			Supt.Sal & Mileage 10a		1000
						 			Gen	unt
								Other Salaries 105	General Overhead	Account 135.12
								Other Salarie 105	40 1	5.12
	 					 _		i	erh	
					-			Office Exp. 10c	ead	
						-				
								Misc Exp. 10d		
de Company										
age or age		9						Dir Fees Mileage 11		
			 			 		р В е е		
						 		s lig. Off. Bond Equip. 12 13a		
Total Control								Of 13	K	
						 _		E H	1806	
								ran Iqui	11a	
								d's	neoi	
								13c	Miscellaneous Charges	
						 	li.	ंट दी	Lar	
								ion 13d	ge s	
							 	lat.		
				40				Mate- rial		
***			 		-	 		0 1-1		
						and the second		abo) then		
								ω & ω		
							-			
							and the same			



For Month of Text No. 13 -Illustration No. 5

BANK

Sheet No.

RECORD OF CHECKS DRAWN ON

CASH - GENERAL - CHECK REGISTER

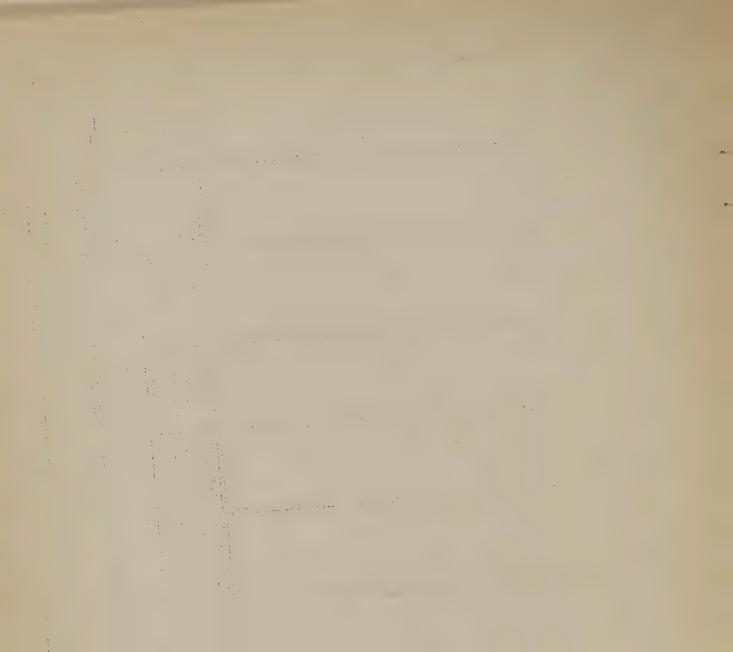
Drawn to the Order of CREDIT Check No. Amount of Check S. S. Tax A/C 228.3 A/C 230.4 A/C No. CHECK DEDUCTIONS Income CREDIT Other Deductions Amount General WORK IN PROGRESS Account 100.32 Force DEBIT Retizement 144



	Consumers Demonstra- Accounting tion Meter Read and ing Other AC 780 F/C 787		/
	Ca- General Office Sal. A/C 791	,	i v
	General Office & Misc. Direction Exp. Fees A/C 793 A/C	GENERAL OFFICE	
	ctor's & Mil	FICE EXPENSE	DH
	Misc.Gen'l. Rents Expense A/C A/C 801.4 803		DEBIT
	Stor Expe		
	res Transpor- nse tation Exp.		
	Mis		
	Miscellaneous Expense A/C No Amount	e e da commo e a commonante e e composições de commonante e e commonante e e e e e e e e e e e e e e e e e e	
Management of the control of the con	The state of the s	Company copies to consequence is a copie chance of the copies of the cop	



Accounts Accrued Payable Payroll A/C 222.1 A/C 230.3		
Operation of Stations A/C 759	OPER	
Operation of Lines	OPERATION EXPENSES	DEBIT
Services Consumers Premises A/C 762	SES	
Other Operation Expenses A/C No. Amount		

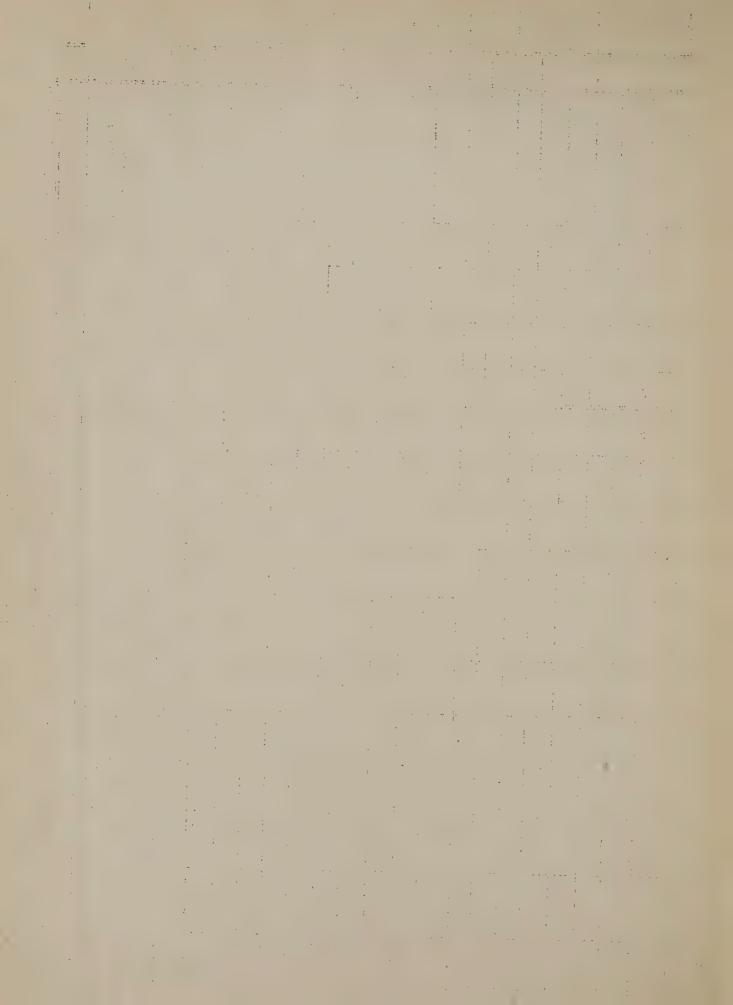


MAIN Structures Station Equipment A/C 765	Chillian profes conditioning consumpts come a man a community of the contract
MAINTENANCE Trans- I mance of former I Lines & Devi A/C 768 A/C 77	
0 0 0 0	
Maintenance of Services Λ/C 771	
EXPENSE Mainte- nance of Meters A/C 772	
EXPENSE Mainte- Other Maintenanc nance of Expense Meters A/C No. Amount A/C 772	



CASH - REA CONSTRUCTION FUND - TRUSTEE - CHECK REGISTER

													Line		
		A									7		Day		
The second secon													Drawn to the Order of	CREDIT	Record of Checks Drawn
1													NO K	TT.	Drawı
and the second s											יע יני יני		120.2 S/S Amount Tax of Chack 228 3		n on
					a nalikilinda majing danasiri Majjari narih 100 di 100.00								S Chille X Tax 3230.4		
												-	trac-Mete		
						- Manager							Meters Meter Inst.		Bank for Month
												,	100.31 Pole Insp		or Mon
	or estimates and a second to the control of the con										-		Legal Fees		th of
	And the second s												Misc Legal		And comment and control of the contr
									ŕ				Engineering 190.31 100.32 tract Acct. 7a 7b		And the second sec
															,]
													100.31 Final Insp.		19
		The state of the s					A Company of the Comp				,		100.31 P/A		The state of the s
	And other party of the party of		The same of the sa							PROJECT ATTRIBUTE			R/W 350 After Allot		Villes alle alle vivile distribute



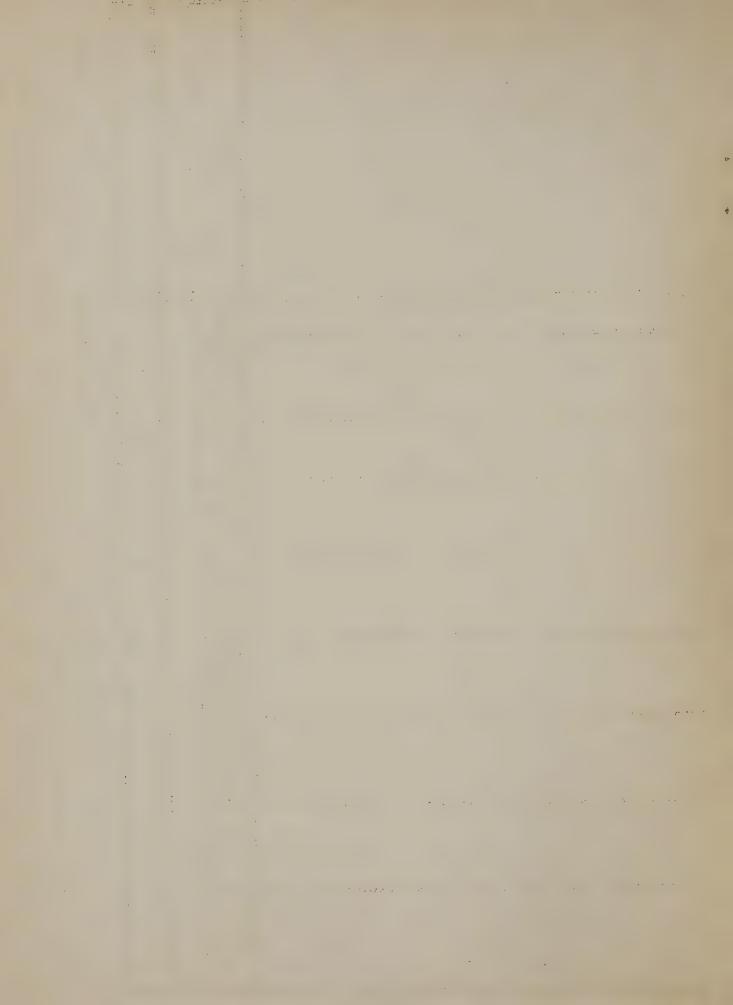
Text No. 13 - Illustration No. 6
Sheet No.

							2000					Co. o. o		Biograph control of control of the c
														And the control of th
Amount	A/C No.	15	rial 14	13e	Other 13d	13c	13b	13a	12	Mileage 11	10d	10c	100	Mileage 10a
Miscellaneous		Mate Labor	100.3 Mate	1 100.31	100.3	377 Tools	373 Trans.	372 Off.	100.31 Ths.	Misc. Director Fees &	1 100.31 Misc.	0 1	100.31 Other	100.31 Sal. &
														DEBIT



Text No. 13 - Illustration No. 7

Month of Payable to Vchr Payable No. Amount GENERAL FUNDS CREDIT Date Paid REFERENCE Check Number Accounts Payable Register Work in Materials Materials Progress & Supplies & Supplies General Electric A/Resale DEBIT Sheet No. Purchased Power A/C 738 A, C 761 Operations



The second secon			
	A te		
	Main- enanc Expen		8
	Cono		
Beer institution of the companion of the	Committees some program		
	Meter Reading A/C 780		
	ter ing 780		
	<u> </u>		
	General G Ofc.Salanes A/C 791		
	eneral fc.Sala A/C 791		
	lan 91		
	1		
	General Expens A/C 793		
	neral Of Expenses C 793		
	Ofc.		
	Fees & Mie A/C_801.1	100	
	200 e ct		
	L Sold		
	Heneral & Misc Misc Misc Misc Misc Misc Misc Misc	1	
	ens 6		DEBIT
· ·	Scl 14		日日
AND THE STATE OF T	Þ		
	C 28		
	Rent:		
	ω 6		
40 colored final water 25 or 5 or 10 colored final water 25 or 25 or 10 colored final water 25 or 25 o	<u> </u>		
	Stores Expenses A/C 902		
	pre ns	`	
	Transpor tation Expense		
	C C C C C C C C C C C C C C C C C C C		
	nse 1se 103		
	7	>	
The state of the s	8	S	
• · · · · · · · · · · · · · · · · · · ·	Account.	9	
		III .	4 972
	Amount	Wisellae os	1 to 10 to 1
		Q (



For the Month of

19

Line	
Day	
Description	en e
A/C Pay	
103.31 360 Con- Mete trac- tor	
1 360 360 100.31 10031 10031 Meters Meter Fole Legal Misc. 10 Exp. 1	
00.31 10031 E Legal Misc. 100 Fees Legal C	
Engineering 100.31 100.32 Con- Force tract Acct. 73 7b	
100.31 Final Insp.	



Sheet No.

							- 11	OB 91	100.31 39	R/W	DEBIT
								lot. Mil	1 350 Su After Sal	TOC	
and of the special spe									Supt. 0	100.31 10	
								100 1	Other Off.	0.31 10	
				-						100.31 100.31 100.31	_
								11	Misc. Exp. F		
								Mileage 12	H	100,31 3	
								13a 1	Off. Tr.	372 3	
								13b 13c	Trans. Too Equip.	373 377	-
								H	ToolsDemon-		
								1.3e	Int.	10031 100.31 100.32	_
							ay crayedr e	24	rial (100.31	
								35	Other		
							-	And Company IV. M. Spring of the Company of the Com	A/C A	Miscellaneous	
								And the second s	Amount	neous	

and addressed to the second se		o curro	Tina	May	riari	March	刊のか	Jan.	Dec.	Nov.	Oct.	Sept.	ing.	July	June	Мау	April	Mar.	Feb.	Jan.		Net nergy Sale						1 2 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Account No.	
erminage Cranadami																						Sales feit Tax disc	4 4 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5		New iddress				r No. Size	Cons
																						Total Amt. Bill Paid	the control of the co		Number				Date Set	Consumers' Ledger
e-minimum. e-minimum. e-minimum. f			June	May	Moril	Marci	Feb.	Jan.	Dec.	Nov.	Oct.	Sept	Aug.	July	June	May-	April	Mar. H	Teb.	Jan.		Bal Due Date			r Amt.				Date Rem	Sheet
questión registros																						In- sump-	The state of a state of a few out and state of state of the state of t		Issued	Derosit	Statement of the control of the cont		Removed Ma	
magazine dispersion di																						net Energy Sale			Canceled	Data			Meter No. S	Text N
gui a principali. Surage																						Sales feit Tax Disc.	And the second s						Size Date	No. 13 - II
-																						Potal Amt. Bill Faic			Shut Off	Date			Set	Illustration
- 100			The state of the s			The state of the s	The state of the s											con many.			Bro't and	Bal Due	Consequence of the consequence o		Turned On				Date Removed	No.



Text No. 13 - Illustration No. 9b

Number Amps	Meter R	Total				2	Bro't Forward	Date Read	vearing pare	Address	Wame	
Date I Set Re	Record							Remarks				
Date Removed								Readings	- Jue			
No. A			,					EWH Used	ממ			
Amount								Net			CONS	
Date Issued	Deposit						of the state of th	Sales		First	MERS.	
Debit	t Data			description of contraction of experience of experience of the contraction of the contract			enter transportation established establish	Arrears	Dettionen	Date	CONSUMERS' LEUGER CARD	
Balance								Net Bill		1		į į
 	- CA - Office - Campaigness -							Penalty			Account Number	
Date Fotired	ery stranc Grand des						The state of the s	Gross Bill		First Reading	Number	
Date Shut Off	Shut Off							Amt. Paid	nettiing t	-		
rall	ff Record						And the State of t	Date	i a c c			
0n	d							Bal. Due	and the same of th	i		

UNITED STATES DEPARTMENT OF AGRICULTURE Rural Electrification Administration Finance Division Washington 25, D. C.

REA BOOKS OF ACCOUNT

Problems
Text No. 13
(Revised)

\$55.00

INST	RUCTIONS TO STUDENIS: Number yo	our answers to conform with the problems
Use	the following heading on each pa	ige:
Name		Subject REA Books of Account
Syst	em	Text No. 13
Posi	tion	Address
1.	Name the principal books of acco	ount used in the REA Manual of Accounts.
	which cash is deposited for the	in determining the cash account in following: Receipt of REA Con-ral Cash. Give an illustration of
• .:	Government check covering advance	ing the date appearing on the U.S. ces of funds to the REA Construction of the Cash-REA Construction Fund get Control record.
	policy the cost of which had ori	ived from an insurance company on a ginally been paid from REA Construction al entry would this be recorded?
	What are the two methods of hand their advantages and disadvantag	dling daily cash collections? Explain ges.
6:	On January 2, 1947, the following	ng collections were made:
	Membership Fees John Adrock (check) Ben Amiel (check) Horace Benbroke (check)	\$5.00 5.00 <u>5.00</u> \$15.00
	Consumers: Deposits James Whitmore (check) Jonathan Grace (check)	5.00 ° 50.00

Problems
Text No. 13

Collections of Accounts Receivable were received in cash from various consumers. An adding machine tape of the paid energy stubs of receipts on this totals \$180.00. Total receipts for the day amounted to \$250.00.

Prenumbered receipts were issued for all collections of membership fees and consumers' deposits, with the duplicate receipts being retained to support the cash record.

- a. Prepare standard form of daily collection record for the above transactions.
- b. Prepare deposit slips covering the day's collections.
- c. Explain how the daily cash collection record would be used as a basis for entering the day's receipts in the cash receipts book.
- 7. Prepare as of 7/31/47 a voucher check payable to Joe Ringler from REA Construction Funds covering the items listed below. (It is not necessary to indicate the accounts to be charged.) Social Security Deduction of 1% on salary and \$10.00 Withholding Tax should be considered.

Date	<u>Details</u>	Purpose Gross Amount Due
7/15/47	60 hours at \$1.00 per hour, period 7/1 to 7/15/47	Salary-Easement \$ 60.00 Solicitation
1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	75 hours at \$1.00 per hour, period 7/15 to 7/31/47	Salary-Work Order Construction 75.00 \$135.00

- 8. Explain how the miscellaneous column on the General Funds check register is used. Explain how the 1% Social Security Tax withheld for old age benefit is handled in the check register.
- 9. On the basis of the following facts, prepare a bank reconciliation of the General Funds of the XYZ Cooperative with the balance on deposit in the First National Bank of Blankton and also make necessary adjusting journal entries.

Balance per books:

Account 120.1 as of 2/28/47 Balance per bank Statement 2/28/47

\$5,380.16 5,768.48

Bank service charges appearing on the bank statement which have not been recorded on the books amount to \$4.80.

Problems
Text No. 13

Only the bank had taken into account the return of John Baner's \$3.40 check marked NSF. The check had been given in payment of an energy bill.

Deposits of \$83.48 were in transit and had not reached the bank to be recorded on its books as of the date of the statement.

It was determined that the following checks were outstanding:

Check	102			\$320.00
	105	1		46.00
	106			46.00
	107			68.00

This reconciliation should be prepared in accordance with standard forms.

- 10. Discuss the purpose of the accounts payable register and its use in the REA system of accounts. What is the relation of detail items in the accounts payable register to the controlling accounts in the general ledger?
- 11. Explain how you would enter the following items which were unpaid at the end of the month:
 - a. Power Bill Cooper River Power Company received on 2/28/47 \$348.10
 - b. Invoice for material to be used in Work Order Construction in the amount of \$340.10.
 - c. Invoice of I. C. Bill, Contractor on Section A, in the amount of \$2,500.00
- 12. What record is made in the accounts payable register when an invoice is paid?

UNITED STATES DEPARTMENT OF AGRICULTURE Rural Electrification Administration Finance Division Washington 25, D. C.

REA BOOKS OF ACCOUNT

Solutions to Problems
Text No. 13
(Revised)

- 1. The principal books of account used in the REA Uniform System of Accounts are:
 - 1. General Journal
 - 2. General Ledger
 - 3. Cash--General Cash Received .
 - 4. Cash- General Check Register
 - 5. Cash--REA Construction Fund--Trustee Cash Received and Budget Control
 - 6. Cash--REA Construction Fund--Trustee Check Register
 - 7. General Accounts Payable Register
 - 8. REA Construction Fund--Trustee Accounts Payable Register
 - 9. Consumers' Ledger
- 2. Cash received from the REA is for the purpose of constructing the system and for this reason is recorded in the account Cash--REA Construction Fund--Trustee. All checks making payments for construction costs are written on the Cash--REA Construction Fund--Trustee account and entered in the Cash--REA Construction Fund--Trustee Check Register. Membership funds and other cash items collected from operation of the business are entered in the account Cash--General, and checks written on the Cash--General account to meet operating expenses are entered in the Cash--General Check Register.
- 3. The dates of government checks are entered in the explanation column of the Cash--REA Construction Fund--Trustee Cash Received and Budget Control record in order that the bookkeeper may be enabled to compute the interest on funds received from REA and prove the interest statements.
- 4. A refund received from an insurance company on a policy, the original cost of which had been paid from Cash-REA Construction Fund--Trustee, should be entered in the Cash--REA Construction Fund--Trustee Cash Received and Budget Control portion of the cash book.
- 5. The daily Cash Collection Sheet and the daily Cash Envelope System constitute the bases for the two methods of handling cash collections. Under the first method a columnar sheet is prepared providing a column for each of the various sources of income such as accounts receivable, membership fees, etc. At the end of the day the sheet is

Solutions to Problems
Text No. 13

totaled and reconciled with cash in the money drawer. Under the Envelope System, receipts are grouped according to classification and the receipts inserted in the envelopes. An adding machine tape is run on each group of receipts and the totals of the groups summarized on the front of the envelopes under the various captions.

6.a.

Source of Collection	Debit		Credit		
	Cash		Accts. Rec. Energy	Membership	Consumers
	120.1	120.5	Bills	Fees	Deposits
Membership Fees John Adrock	5.00			5.00	
Ben Amiel	5.00			5.00	
Horace Benbroke	5.00			5.00	
James Whitmore	e management communication of the communication of	5.00	;		5.00
Jonathan Grace	and the state of t	50.00		-	50.00
Energy Collections Per Tape	180.00		180.00		
	195.00	55.00	180.00	15.00	55.00

(1)

DEPOSIT SLIP

FIRST NATIONAL BANK

St. Louis, Mo.

In Account With: 48 States Electric Cooperative	
CashGeneral	
Date - January 2, 1947	
Currency 180	0.00
Ben Aniel	5.00 5.00 5.00
DUPLICATE RECEIVED Jan. 2, 1947	
Signature - Bank Teller - 2 -	.00

Solutions to Problems Text No. 13

b. (2)

DEPOSIT SLIP

FIRST NATIONAL BANK

St. Louis, Mo.

In Account With: 48 States Electric Cooperative

CASH--CONSUMERS' DEPOSIT

Date - January 2, 1947

Checks - James Whitmore
Jonathan Grace

\$ 5.00

50.00

Total

\$55.00

DUPLICATE
RECEIVED January 2, 1947

Signature - Bank Teller

c. The daily cash collection is summarized on the daily cash collection sheet and from this summary entered in the Cash -General - Cash Received journal. A portion of the cash received page may be used for recording those receipts to be deposited in Cash -- Consumers' Deposits Fund.

7.

VOUCHER CHECK

		No.		
Date	Items	Account	Amount	
7/15/47	60 hrs. @ \$1.00 period 7/1 - 7/15/47 Salary - Easement Solicitation	350	\$ 60.00	
7/31/47	75 hrs. @ \$1.00 period 7/15 to 7/31/47 Salary-Work Order Construction	100.32	75.00 \$135.00	
	Less Social Security Tax Deduction \$ 1 Less Withholding Tax Net Amount " 10		11.35 \$123.65	

REMITTANCE MEMO

48 STATES ELECTRIC C	COOPERATIVE No. 2005
CashREA Construction FundTrustee	St. Louis, Mo July 1, 1947
PAY TO THE ORDER OF Joe Ringler	\$123.65
One Hundred Twenty three and 65/100	DOLLARS
	48 States Electric Cooperative By
Payable at FIRST NATIONAL BANK St. Louis, Missouri	Authorized Agent

^{8.} The miscellaneous column on the Cash -General Check Register is used to record disbursements for which there is not provided a special column. At the end of the month the items in this column are summarized at the bottom of the sheet for posting to the appropriate general ledger accounts. On the credit side of the check register there is a column for the 1% Social Security deduction. The amounts deducted and recorded in this column are posted to Account 228.3 - Accrued U. S. Social Security Tax-Old Age Benefit.

9.

BANK RECONCILIATION

General Funds XYZ Company

Balance shown by Bank Statement 2-2 Add Deposits in transit	\$5,768.48 83.48 5,851.96	
Deduct Outstanding Checks -		
Check 102	320.00 46.00	
" 106	46.00	
" 107	68.00	480.00
Adjusted Bank Balance 2-28-47		\$5,371.96
Balance on Books 2-28-47		\$5,380.16
Less:		
Bank Service Charge 4.80		
John Baner's Check NSF 3.40		8.20
Adjusted Book Balance 2-28-47		\$5,371.96
following internal entry is made		

The following journal entry is made:

Debit Account	793	General Office Expenses	\$4.80
11 11	125.1	Accounts Receivable -	
		Electric Consumers	3.40
Credit "	120.1	Cash - General	\$8.20

- 10. In REA, systems customarily pay current bills at the end of the month. If there are any bills which are unpaid, they should be recorded in the appropriate accounts payable register and posted to the general ledger. These postings should carry as much detailed information as possible, such as Contractor, Meters, Operations Labor, etc. When checks are drawn paying items recorded as accounts payable, the date of such payments should be recorded in the accounts payable register in the last two columns. The total of the individual items for which the firm is liable as shown by the accounts payable register should equal the balance of the general ledger control account.
- 11. This bill would be recorded in the General Accounts Payable Register:
 - (a) Dr. Account 738 Purchased Power 348.10
 Cr. " 222.1 Accounts Payable General 348.10

These bills would be recorded in the REA Construction Fund - Trustee--Accounts Payable Register:

(b) Dr. Account 131.1-Materials and Supplies - Electric 340.10 Cr. " 222.2-Accounts Payable - REA Construction 340.10

Solutions to Problems
Text No. 13

(c) Dr. Account 100.31 Construction Work in Progress-Contract

\$2,500.00

Cr. Account 222.2 Accounts Payable - REA Construction

\$2,500.00

12. When an invoice is paid which was posted to Accounts Payable the accounts payable register should have a notation in the last two columns as to date of payment and amount.